



Wistron Corporation

**2007 ANNUAL SHAREHOLDERS' MEETING**

MEETING AGENDA (Translation)

Held on June 21, 2007

## ***DISCLAIMER***

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2007 ANNUAL SHAREHOLDERS' MEETING (THE "AGENDA") OF WISTRON CORPORATION (THE "COMPANY"). THE TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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## **A. Rules and Procedures of Shareholders' Meeting**

Publication Date: June 7, 2002

1. Shareholders' Meeting of Wistron Corporation ("Wistron") (the "Meeting") shall be conducted in accordance with these Rules and Procedures.
2. Shareholders attending the Meeting shall sign-in. The sign-in procedure is performed by submitting the attendance card. The number of shares represented by attending shareholders shall be calculated in accordance with the attendance card submitted by shareholders.
3. The attendance and voting shall be calculated in accordance with the shares.
4. The Meeting shall be held at the domicile of Wistron or at any other appropriate place that is convenient for the shareholder to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
5. The Meeting shall be convened by the Chairman of the Board of Directors ("BOD") and the Chairman of BOD shall be the chairman presiding at the Meeting. If the Chairman of BOD cannot preside at the Meeting for any reason, the Vice Chairman of BOD shall preside at the Meeting. If the Company does not have Vice Chairman of the BOD or the Vice Chairman of the BOD cannot fulfill his/her duty for any reason, the Chairman of the BOD shall appoint a deputy person. If the Chairman of BOD does not appoint a deputy person, the Directors shall elect one Director as the deputy person. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.
6. Wistron may appoint designated counsel, CPA or other related persons to attend the Meeting.
7. The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.
8. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the Meeting. The postponements shall be limited to two times at the most and the Meeting shall not be postponed for longer than one hour in the aggregate. If no quorum can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolution may be made in accordance with Paragraph 1 of Article 185 of the Company Law. If the quorum is constituted during the process of the Meeting, the chairman may submit the aforesaid tentative resolution to the Meeting for approval in accordance with Article 174 of the Company Law.
9. If the Meeting is convened by the BOD, the agenda of the Meeting shall be set by the BOD. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance

with the agenda. During the Meeting, the chairman may, at his/her discretion, set time for intermission. Unless otherwise resolved at the Meeting, the Chairman cannot announce adjournment of the Meeting before the Meeting is finished. If the Chairman announces the adjournment in violation of these Rules and Procedures, the shareholders may, by majority of the votes represented by the shareholder present at the Meeting, designate one person as the Chairman to continue the Meeting.

10. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number and the name of the shareholder. The sequence of speeches shall be decided by the chairman. If the shareholder present at the Meeting submits a Speech Note but does not speak, no speech shall be deemed to have been made by such shareholder. If the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the content of actual speech shall prevail. Unless otherwise permitted by the Chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholder. The Chairman shall stop such interruption.
11. Unless otherwise permitted by chairman, each shareholder shall not, for each discussion item, speak more than two times and exceeding 5 minutes each time. If the speech of any shareholder violates this provision or exceeds the scope of the discussion item, the Chairman may stop the speech of such shareholder.
12. Any legal entity designated as proxy by shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If two or more representatives are designated to attend the Meeting, only one representative can speak for each discussion item.
13. After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.
14. The chairman may, if deems it appropriate, announce to end the discussion of any resolution and go into voting.
15. The person(s) to check and the person(s) to record the ballots during a vote shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder. The result of voting shall be announced at the Meeting and placed on record.
16. Except otherwise specified in the Company Law or the Article of Incorporation of Wistron, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. If no objection is voiced after solicitation by the chairman, the resolution shall be deemed adopted and shall have the same effect as if it was voted.
17. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item and the amendment or substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

18. The chairman may conduct the disciplinary officers (or securities) to assist in keeping order of the Meeting place. Such disciplinary officers (or securities) shall wear badges marked “Disciplinary Officer” when assisting in keeping the order.
19. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will be resumed, or may, by resolution of shareholders present at the Meeting resume the Meeting, resume the Meeting within five days without further notice or public announcement.
20. Any matter not provided in these Rules and Procedures shall be handled in accordance with the Company Law and the Article of Incorporation of Wistron.
21. These Rules and Procedures shall be effective from the date it is approved by the Shareholders’ Meeting. The same applies in case of revision.

## **B. The Procedures of the Meeting**

1. Declaration of the Commence of the Meeting
2. The Chairman in Position
3. The Chairman's Opening Speech
4. The Report Items
5. The Ratification and Discussion Items
6. Extemporary Motion
7. Adjournment

## **C. The Agenda of the Meeting**

### **(I) Report Items**

1. Business Report of Year 2006
2. Supervisors' Report
3. The Report regarding the execution of treasury stock buy back program and the Regulation for First Buy Back Company Shares for Transfer to Employees for Year 2006
4. The Report regarding the revision of Rules and Procedures of Board of Directors Meeting

### **(II) Ratification and Discussion Items**

1. Management report and financial statements for Year 2006.
2. Ratification for earnings distribution for Year 2006.
3. Discussion for capital increase of retained earnings.
4. Articles of Incorporation amendment.
5. Discussion for "Procedures for Assets Acquisition and Disposal" amendment.
6. Submitting for the shareholder's approval to discharge the restriction imposed on Directors and their juristic persons' representatives regarding the non-competition clause in the investment business in the Mainland Area.
7. Submitting a resolution for discussion regarding capital increase to issue new shares by offering global depository receipts for year 2005 for which Wistron may be exempted from profit-enterprise income tax as new and developing important strategic industry.

### **(III) Extemporary Motion**

### **(IV) Adjournment**

## D. Report Items

1. Management Report of Year 2006. (Please refer to Appendix 1, Page 19)
2. Supervisors' Report. (Please refer to Appendix 2, Page 27)
3. The Report regarding the execution for treasury stock buy back program and the revision of Regulation for First Buy Back Company Shares for Transfer to Employees for Year 2006.

(1) In order to response the request from competent authorities, Wistron has revised Regulation for First Buy Back Company Shares for Transfer to Employees for Year 2006 as follows:

Article No.	Original	Revised	Purpose
Article 7	Price per share for transfer The transfer price shall be the actual average buy-back price plus certain interest. If such transfer price is lower than the closing price of the share of Company on the date this Guideline was promulgated, the transfer price shall be the closing price of the share of Company on the date this Guideline was promulgated plus certain interest. If the outstanding common shares of Company increase before the transfer, the price shall be adjusted according to the ratio of increase.	Price per share for transfer The transfer price shall be the actual average buy-back price plus <b><u>fixed interest rate of one-year-period time deposit of Bank of Taiwan</u></b> . If such transfer price is lower than the closing price of the share of Company on the date this Guideline was promulgated, the transfer price shall be the closing price of the share of Company on the date this Guideline was promulgated plus <b><u>fixed interest rate of one-year-period time deposit of Bank of Taiwan</u></b> . If the outstanding common shares of Company increase before the transfer, the price shall be adjusted according to the ratio of increase.	To response the request from competent authorities.

Please refer to Appendix 3, Page 28 for the revised Regulation for First Buy Back Company Shares for Transfer to Employees for Year 2006.

(2)The execution of treasury stock buy back program:

<b>The date of BOD resolution</b>	<b>June 16, 2006</b>
Buy-back period	June 19, 2006 ~ July 7, 2006
Target stock	Common stock
Buy-back purpose	To transfer to employees
Planned buy-back shares	20,000,000 shares
Actual buy-back shares	20,000,000 shares
Target price range for buyback	NT\$30 to NT\$45 If the market price falls below the lowest range, the company is still authorized to purchase the shares.
Average buy-back price	NT\$35.89
Total sum of money for buy-back	NT\$717,731,355

Cancelled or transferred shares	11,005,000 shares (Note)
Yet cancelled or transferred shares	8,995,000 shares (Note)

Note: according to the data up to April 23, 2007

4. The Report regarding the revision of Rules and Procedures of Board of Directors Meeting.

Explanation: To reinforce the company governance and to meet the operation necessity of BOD, BOD has resolved to revise part of provision of Rules and Procedures of Board of Directors Meeting of Wistron. Please refer to Appendix 4, Page 30 for the revised Rules and Procedures of Board of Directors Meeting.

## **E. Ratification and Discussion Items**

### **ITEM 1**

Proposal: Submitting (by the Board of Directors, "BOD") Wistron annual management report and financial statements for year 2006 for ratification

Details: Submitting for ratification of Wistron's management report and financial statements for year 2006 (Appendix 1: including Balance Sheets, Statement of Income, Statement of Change in Stockholder's Equity and Statement of Cash Flow), which have all been adopted by the BOD with resolution and examined by the Supervisors, and hereby are submitted for ratification. (Please refer to page 19 to 26)

Resolution:

## ITEM 2

Proposal: Submitting (by the BOD) the proposal for earnings distribution for Year 2006 for ratification.

Details: (1) The Company's after-tax net income for year 2006 is NT\$5,326,873,210. After deducting the decrease in retained earnings resulting from long-term equity investments of NT\$144,396,138 and adding up the unappropriated earnings in previous years NT\$295,062,900, the total amount eligible for distribution is NT\$ 5,477,539,972.

(2) With respect to the Company's earnings eligible for distribution, after setting aside the legal reserve NT\$532,687,321 by law and bonus distributable to employees NT\$478,459,756 by the Company's Articles of Incorporation and remunerations for Directors and Supervisors NT\$47,941,859 and dividends and bonus for shareholders NT\$3,550,262,350, there will be NT\$868,188,687 remaining for future year's distribution. The power with respect to earnings distribution is reserved for the Chairman of Board.

(3) Planning to combine the dividends and bonuses for shareholders NT\$760,770,510 with bonus distributable for employees NT\$334,921,830, which is NT\$1,095,692,340 in total, for capital increase by means of share issuance. After the shareholder's meeting adopts the resolution and receiving ratification from the Authority afterwards, 60 shares of stock dividend will be distributed to each shareholder with 1000 shares based on the shareholder's name and his shares registered in the shareholders roster at the record date. Furthermore, there will be 33,492,183 shares distributable to employees as employee's bonus capital increase, and the distribution method will be ruled by the President. Meanwhile, NT\$2,789,491,840 derived from shareholder's dividends and bonuses will be distributed in cash to shareholders as dividends. The distribution of the dividends in cash, NT\$2.2 per share, shall be effected in proportion to the number of shares held by each shareholder accordingly and registered in the shareholders roster at the record date.

(4) With respect to the dividends and bonus to shareholders as earnings, the calculation of the shareholder's deductible tax amount proportion should be made separately.

(5) If any element for this earnings distribution proposal is changed due to the regulation variation or the authority ratified alternation or repurchasing the Company's stock shares for transfer or revocation, which leads to the change in shareholder's share distribution rate or shareholder's dividend distribution rate, the BOD is authorized to make the proportional modification according to the outstanding shares at the record date.

(6) Earning distribution chart for Wistron for year 2006:

**Wistron Corporation**  
**Profit Allocation Proposal**

Unit : NT\$

<b>Beginning Balance of Unappropriated Retained Earnings</b>	<b>295,062,900</b>
Less : Decrease in retained earnings resulting from long-term equity investments	(144,396,138)
Add : 2006 Net Income After Tax	5,326,873,210
<b>2006 Earnings Available for Distribution</b>	<b>5,477,539,972</b>
<b>Distribution Items:</b>	
Legal Reserve	532,687,321
Bonus to Employee (Stock)	334,921,830
Bonus to Employee (Cash)	143,537,926
Remunerations to the Directors and Supervisors	47,941,859
Stock Dividend to the Shareholders	760,770,510
Cash Dividend to the Shareholders	2,789,491,840
<b>Total Distribution</b>	<b>4,609,351,285</b>
<b>Ending Balance of Unappropriated Retained Earnings</b>	<b>868,188,687</b>

(7) Submitting for ratification.

Resolution:

### ITEM 3

Proposal: Submitting (by the BOD) a resolution that Wistron increases capital by earnings and issues new shares for year 2006 for discussion.

Details: (1) Wistron is proposing to appropriate earnings for year 2006 NT\$1,095,692,340 for increasing capital by issuing 109,569,234 shares in total with par value NT\$10 in accordance with Article 240 of the Company Act.

(2) After the ratification for the aforesaid proposal from the Authority, for the shareholder's dividends and bonus NT\$760,770,510,60 surplus earnings shares will be distributed to each shareholder with 1,000 shares (tentative calculation) based on the shareholder's name and his shares registered in the shareholders roster at the date of de-identification. In case the amount of balance of such distributable is less than one share, except for the shareholder's own gathering during 5 days from the date of de-identification, it shall be paid in cash according to par value and purchased with par value by Wistron's Employee Welfare Commission. Meanwhile, the additional NT\$334,921,830 should be divided into 33,492,183 shares with NT\$10 par value and distributed to employees. The Chairman of Board can rule the distribution method.

(3) The new issuing shares from the capital increase possess identical obligations and rights as the original shares.

(4) As for the matter regarding the date of de-identification for new shares from capital increase, it should be regulated after the shareholder's meeting adopts this capital increase resolution and ratification from the Authority afterwards.

(5) If any element for this capitalization proposal is changed due to the regulation variation or the authority ratified alternation or repurchasing Wistron's stock shares for transfer or revocation, which leads to the change in shareholder's share distribution rate, the BOD is authorized to make the proportional modification according to the outstanding shares at the record date.

(6) Please discuss.

Resolution:

#### ITEM 4

Proposal: Submitting (by the BOD) a resolution to amend certain part of Wistron's Articles of Incorporation

Details: (1) In order to correspond to the change of accounting method regarding employee's bonus (entering fee into the account book) and Wistron's requirement for business operation and development, the proposal for certain Articles of Incorporation amendment is made. The following is the comparison between the pre-amendment and amendment versions.

(2)Please discuss.

#### Comparison between original Articles of Incorporation and amendment version

Items	Original Version	Amendment Version	Reason
Article 6	The total capital amount of the Company is Sixteen Billion New Taiwan Dollars (NTD 16,000,000,000), which is divided into One Billion Six Hundred Million (1,600,000,000) common shares with a par value of Ten New Taiwan Dollars (NTD10) each and will be issued by installments by the board of directors. An amount of One Billion and Fifty Million New Taiwan Dollars (NTD1,050,000,000) from the above total capital amount divided into 105,000,000 shares with a par value of Ten New Taiwan Dollars each (NTD10) are reserved for the issuance of employee stock options.	The total capital amount of the Company is <b>Twenty Billion New Taiwan Dollars (NTD 20,000,000,000)</b> , which is divided into <b>Two Billion (2,000,000,000) common shares</b> with a par value of Ten New Taiwan Dollars (NTD10) each and will be issued by installments by the board of directors. An amount of One Billion and Fifty Million New Taiwan Dollars (NTD1,050,000,000) from the above total capital amount divided into 105,000,000 shares with a par value of Ten New Taiwan Dollars each (NTD10) are reserved for the issuance of employee stock options.	To fit the requirement for Wistron's future operation and development.
Article 16	If the Company has profit as a result of the yearly accounting closing, 10% of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount shall be set aside as special reserved in accordance with the Securities and Exchange Act. The balance, if any, will be distributed in accordance with the following: 1. five to ten percent (5~10%) as employees' bonus; where such bonus is distributed by shares, employees of controlled companies, with qualifications set by the board of directors, shall be included; 2. one percent (1%) as the remuneration in cash to the directors and supervisors; 3. the rest as working capital of the Company and dividends to shareholders.	If the Company has profit as a result of the yearly accounting closing, 10% of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount shall be set aside as special reserved in accordance with the Securities and Exchange Act. The balance, if any, will be distributed in accordance with the following: 1. <b>no less than 5 percent</b> as employees' bonus; where such bonus is distributed by shares, employees of controlled companies, with qualifications set by the board of directors, shall be included; 2. one percent (1%) as the remuneration in cash to the directors and supervisors; 3. the rest as working capital of the Company and dividends to shareholders.	To correspond to the entering of employee's bonus into the account book and the need of Wistron.
Article 19	These Articles of Incorporation were prescribed on May 30, 2001 followed by amendments dated as follows and enacted upon the approval of the relevant shareholders' meeting: June 16, 2001 (1st); November 3, 2001 (2nd); December 17, 2001 (3rd); June 7, 2002 (4th); June 17, 2003 (5th); June 16, 2004 (6th) ; June 16, 2004 (7th); June 9, 2005 (8th) ; June 8, 2006 (9th).	These Articles of Incorporation were prescribed on May 30, 2001 followed by amendments dated as follows and enacted upon the approval of the relevant shareholders' meeting: June 16, 2001 (1st); November 3, 2001 (2nd); December 17, 2001 (3rd); June 7, 2002 (4th); June 17, 2003 (5th); June 16, 2004 (6th) ; June 16, 2004 (7th); June 9, 2005 (8th); June 8, 2006 (9th); <b>June 21, 2007 (10th)</b> .	Adding the latest amendment date.

Resolution:

## ITEM 5

Proposal: Submitting (by the BOD) the resolution to amend certain part of Wistron's "Procedures of Assets Acquisition and Disposal."

Details: (1) In order to correspond to the amended "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by January 19, 2007 the Executive Yuan's Financial Supervisory Commission (hereinafter referred to as "FSC") per letter Ref. No. (96) Taiwan-Finance-Securities (1) 0960001463, we submit the proposal for certain amendment for Wistron's "Procedures of Assets Acquisition and Disposal." The following is the comparison between the pre-amendment and amendment versions.

(2) Please discuss.

### Comparison between original Procedures of Assets Acquisition and Disposal and amendment version

Items	Original Version	Amendment Version	Reason
Article 1	<p>Purpose and Legal Basis</p> <p>To conform to laws and decrees and enhance the management of the Company's "Procedures of Acquiring or Disposing of Assets," these procedures are amended in accordance with Article 36-1 of the Securities and Exchange Law and December 10, 2005 the Ministry of Finance, Securities and Future Commission (hereinafter referred to as "SFC") per letter Ref. No. (91) Taiwan-Finance-Securities (1) 0910006105.</p>	<p>Purpose and Legal Basis</p> <p>To conform to laws and decrees and enhance the management of the Company's "Procedures of Acquiring or Disposing of Assets," these procedures are amended in accordance with Article 36-1 of the Securities and Exchange Law and <u>January 19, 2007 the Executive Yuan's Financial Supervisory Commission (hereinafter referred to as "FSC") per letter Ref. No. (96) Taiwan-Finance-Securities (1) 0960001463.</u></p>	Amendment for legal resource.
Article 2	<p>The term "assets" as used in the Procedures including</p> <p>1. <del>Long-term or short-term</del> investment in stocks, government bonds, corporate bonds, financial bonds, domestic beneficiary certificate, offshore mutual fund, depositary receipts, warrants, investment funds, underlying asset bonds, etc.</p> <p>:</p>	<p>The term "assets" as used in the Procedures including</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, <u>securities representing interest in a fund</u>, depositary receipts, warrants, investment funds, underlying asset bonds, etc.</p> <p>:</p>	Correspondence to the regulation amendment.
Article 4	<p>Procedures of Evaluation and Operation for the Acquisition or Disposition of Asset:</p> <p>:</p> <p>3. For evaluation of derivative products, the financial manager shall hold periodic meeting with related persons examining operational strategies and performances. In principle, trading position and performances shall be reported to the chief fund manager every week, reported to the chief financial official monthly and reported to the Chairman of BOD seasonally.</p> <p>:</p>	<p>Procedures of Evaluation and Operation for the Acquisition or Disposition of Asset:</p> <p>:</p> <p>3. For evaluation of derivative products, the financial manager shall hold periodic meeting with related persons examining operational strategies and performances. In principle, trading position and performances shall be reported to the chief fund manager <u>every 2 weeks</u>, reported to the <u>highest supervisor of financial department</u> monthly and reported to the Chairman of BOD seasonally.</p> <p>:</p>	Correspondence to the current practice.
Article 5	<p>Procedures of Ratification and Decision for the Acquisition or Disposition of Assets:</p> <p>:</p> <p>2. Amount and Level of License</p> <p>In-charge department of the Company shall decide within its authority on the acquisition and disposition of assets in the following situations, provided, however, that matters governed by Article 185 of the Company Law shall be approved by the shareholders' meeting in advance:</p> <p>(1)Unless otherwise provided below, the acquisition or disposition of securities shall</p>	<p>Procedures of Ratification and Decision for the Acquisition or Disposition of Assets:</p> <p>:</p> <p>2. Amount and Level of License:</p> <p>In-charge department of the Company shall decide within its authority on the acquisition and disposition of assets in the following situations, provided, however, that matters governed by Article 185 of the Company Law shall be approved by the shareholders' meeting in advance:</p> <p>(1)Unless otherwise provided below, the acquisition or disposition of securities shall</p>	The procedure has set the rule that within certain amount, the Chairman of BOD can decide the practice method. However, the Chairman is required to report to the BOD. The purpose of

Items	Original Version	Amendment Version	Reason
	<p>be approved by the Board of Directors before its execution:</p> <p>(a) the Chairman of the board is authorized by the Board of Directors to decide and execute a project that amount is within NT\$50 million, the executed project will be ratified by the Board of Directors thereafter.</p> <p>(b) for acquisition or disposition of securities purchased and sold on the centralized exchange market or OTC exchange, the chairman of the board is authorized by the Board of Directors to decide and execute a project that amount is within NT\$300 million, the executed project will be ratified by the Board of Directors thereafter.</p> <p>(2)The acquisition or disposition of real estate shall be approved by the Board of Directors before its execution, except that the chairman of the board is authorized by the Board of Directors to execute a project that is less than NT\$50 million, and it will be ratified by the Board of Directors thereafter.</p> <p>(3)The acquisition or disposition of other fixed assets; for any projects the amount is more than NT\$50 million, it has to be approved by the Board of Directors, the Chairman of the Board decides for other projects before its executions.</p>	<p>be approved by the Board of Directors before its execution:</p> <p>(a) the Chairman of the board is authorized by the Board of Directors to decide and execute a project that amount is within NT\$50 million, the executed project will <u>be reported to</u> the Board of Directors thereafter.</p> <p>(b) for acquisition or disposition of securities purchased and sold on the centralized exchange market or OTC exchange, the chairman of the board is authorized by the Board of Directors to decide and execute a project that amount is within NT\$300 million, the executed project will be reported to the Board of Directors thereafter.</p> <p>(2) The acquisition or disposition of real estate shall be approved by the Board of Directors before its execution, except that the chairman of the board is authorized by the Board of Directors to execute a project that is less than NT\$50 million, and it will <u>be reported to</u> the Board of Directors thereafter.</p> <p>(3)The acquisition or disposition of other fixed assets; for any projects the amount is more than NT\$50 million, it has to be approved by the Board of Directors, the Chairman of the Board decides for other projects before its executions.</p>	<p>amendment is to adjust the wording to correspondent to the actual practice and avoid misunderstanding.</p>
Article 6	<p>Procedures of Announcement and Filing</p> <p>1.The acquisition or disposition of the Company's assets, provided below, shall be announced and filed to the SFC's designated website in accordance to its nature and the stipulated form, within two days since its occurrence, with the relevant data and information:</p> <p>4. The Company shall monthly enter into the transaction situations of the derivative products engaged by it and its subsidiaries not categorized as domestic public companies up to the end of the previous month in accordance to the stipulated form to the SFC's designated website for filing information before the 10th of each month.</p> <p>7. After announcing and filing the transaction in accordance to the provisions, provided that one of the following conditions exist, the Company shall announce and file the relevant data and information to the SFC's designated website within two days since its occurrence:</p>	<p>Procedures of Announcement and Filing</p> <p>1.The acquisition or disposition of the Company's assets, provided below, shall be announced and filed to the <u>FCS's</u> designated website in accordance to its nature and the stipulated form, within two days since its occurrence, with the relevant data and information:</p> <p>4. The Company shall monthly enter into the transaction situations of the derivative products engaged by it and its subsidiaries not categorized as domestic public companies up to the end of the previous month in accordance to the stipulated form to the <u>FCS's</u> designated website for filing information before the 10th of each month.</p> <p>7. After announcing and filing the transaction in accordance to the provisions, provided that one of the following conditions exist, the Company shall announce and file the relevant data and information to the <u>FCS's</u> designated website within two days since its occurrence:</p>	<p>Correspondence to the alternation of the Authority.</p>
Article 7	<p>Scope and Amount of Acquisition or Disposition of Assets:</p> <p>2. As to the Company and subsidiaries which the Company integrally holds more than (including) 50% share, the limitations on amounts of acquisition or disposition of assets shall not violate rules provided herein below:</p>	<p>Scope and Amount of Acquisition or Disposition of Assets:</p> <p>2. As to the <u>Company subsidiaries</u>, the limitations on amounts of acquisition or disposition of assets shall not violate rules provided herein below:</p>	<p>Paragraph 1 of Article 7 of the Procedure has already set the limit amount for Wistron's acquisition and disposal of assets. The amendment is to avoid redundancy.</p>

Items	Original Version	Amendment Version	Reason
Article 10	<p>Appraisal Report from Professional Appraisal Institutions</p> <p>Due to special circumstances, where a limited price or specified price is deemed as the reference basis of the transaction price, this transaction shall be reported and decided by the Board of Directors for approval. If there is any change of the transaction conditions, the procedures herein above shall apply.</p>	<p>Appraisal Report from Professional Appraisal Institutions</p> <p>Due to special circumstances, where <u>a limited price, specified price or special price</u> is deemed as the reference basis of the transaction price, this transaction shall be reported and decided by the Board of Directors for approval. If there is any change of the transaction conditions, the procedures herein above shall apply.</p>	Correspondence to Article 2 of the Regulation Governing Real Estate Appraisal Technology and adding "Special price."
Article 11	<p>Certified Accountant's Opinions</p> <p>1. A public company acquiring or disposing of securities, and the transaction amount reaches 20% of the Company's paid-in capital or in exceeding NT\$300 million, an accountant shall be retained for opinions on the reasonableness of the transaction price.</p> <p>(1) Acquiring or disposing securities that are not traded in the centralized exchange market or OTC exchange.</p> <p>(2) Acquiring or disposing private placement securities.</p>	<p>Certified Accountant's Opinions</p> <p>1. A public company acquiring or disposing of securities, and the transaction amount reaches 20% of the Company's paid-in capital or in exceeding NT\$300 million, an accountant shall be retained for opinions on the reasonableness of the transaction price. <u>This requirement does not apply to the securities which are publicly quoted in an active market or otherwise provided by the regulations of FSC.</u></p> <p><u>According to FSC letter No. 09600014631 and the exception rule provided in the first paragraph of Article 10 the regulations Governing the Acquisition and Disposal of Assets by Public Company. Following times the Company is to proceed free from the aforementioned accountant checking procedure acquiring or disposing securities.</u></p> <p><u>(1)Securities acquired by the initial cash offering.</u></p> <p><u>(2)Securities acquired at issuing price upon cash offering, the securities have to be issued obeying the related regulations.</u></p> <p><u>(3)Securities issued by a 100% owned subsidiary upon cash offering.</u></p> <p><u>(4)Securities acquired in a centralized exchange market or OTC exchange.</u></p> <p><u>(5)Purchase and sale of bonds with put or call conditions, or government bonds.</u></p> <p><u>(6)Domestic or foreign funds.</u></p> <p><u>(7)Public traded stocks acquired in the auction in a centralized exchange market or OTC exchange.</u></p> <p><u>(8)Securities acquired by seasoned equity offerings.</u></p> <p><u>(9)Purchase funds before their establishments according to Section 1, Article 11, Securities Investment trust and Consulting Act and FSC letter 0930005349(issued Nov. 01, 2004).</u></p> <p><u>(10)Purchase or call domestic privately placed funds, which's investing scope is the same as that of publicly placed funds. This requirement does not apply to the occasion that the investing strategy, except securities credit trading and open position of securities-related products is provided in the trust contract.</u></p>	Correspondence to the regulation amendment.
Article 22	<p>Except provided by laws or under special circumstances where advance permission has been obtained from the SFC, the Company shall convene the board meetings and shareholders' meetings and pass resolutions regarding merger, split or acquisition and relevant matters on the</p>	<p>Except provided by laws or under special circumstances where advance permission has been obtained from the <u>FSC</u>, the Company shall convene the board meetings and shareholders' meetings and pass resolutions regarding merger, split or acquisition and relevant matters on the</p>	Correspondence to the regulation amendment which enhances the merger administration.

Items	Original Version	Amendment Version	Reason
	same day along with other participating companies in the merger, split, acquisition or share transference.	<p>same day along with other participating companies in the merger, split, acquisition or share transference.</p> <p><u>The Company shall prepare the following information in written record and retain it for 5 years for check.</u></p> <ol style="list-style-type: none"> <li><u>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, split, acquisition, or transfer of another company's shares prior to disclosure of the information.</u></li> <li><u>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</u></li> <li><u>3. Important documents and minutes: Including merger, de-merger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</u></li> </ol> <p><u>The Company shall, within two days of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</u></p>	Correspondence to the alternation of authority.
Article 29	The Procedures were enacted on May 7, 2002 The 1st amendment was made on June 17, 2003	The Procedures were enacted on May 7, 2002 The 1st amendment was made on June 17, 2003 The 2nd amendment was made on June 21, 2007	Correspondence to the amendment date.

Resolution:

## ITEM 6

Proposal: Submitting (by the BOD) to the shareholder's meeting a resolution to discharge the restriction imposed on Directors and their juristic persons' representatives regarding the non-competition clause in the investment business in the Mainland Area.

Details: (1) According to Paragraph 1 of Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval," since Wistron's Directors and their juristic persons' representatives are engaged in other domestic companies' investment or managerial affairs, which are identical or similar to Wistron's scope of business, they have proposed to the shareholder's meeting on June 8, 2006 (when being elected) for the approval to discharge the non-competition restriction imposed on them.

(2) According to Taiwan Stock Exchange Corporation ("TSEC") Letter No. Tai-Zheng-Shan-0950030204 on November 22, 2006, when the Director is holding the position as a Manager or Director to handle the Company's investment in another business entity in the Mainland Area, if any act needed for the investment is within the Company's business scope or any operational action that runs the same business as the Company is needed to be taken, the Director should follow the instruction by TSEC regarding substantial information investigation and disclosure with TSEC's publication procedure. Therefore, Wistron's Directors or any person that holds the position as a Director or Manager to handle Wistron's investment business in another business entity in the Mainland Area are submitting the resolution to the shareholder's meeting to discharge the non-competition duty, without compromising Wistron's interest, regarding Wistron's investment in another business entity in the Mainland Area from the date of being elected. Please refer to the Appendix 9, Page 57 for further information.

(3) Please discuss.

Resolution:

## **ITEM 7**

Proposal: Submitting (by the BOD) a resolution for discussion regarding capital increase for issuance of common stock for cash for year 2005 and issuance of GDR new shares to enable Wistron to be exempted from profit-enterprise income tax as new and developing important strategic industry.

Details: (1) For capital increase for issuance of common stock for cash for year 2005 and issuance of GDR new shares, Wistron will issue 15,000,000 units GDR in total with trading price US\$9.3448 per unit. Per unit represents 10 Wistron common stock shares and thus, Wistron is issuing 150,000,000 new shares in total, which increases capital to NT\$ 1,500,000,000. Therefore, Wistron is qualified to apply to the reward regulations for new and developing strategic industry “manufacturing” and “technology service industry” categories. Wistron has received ratification from Ministry of Economic Affairs on April 25, 2006. (Letter No. Gung-Dian-09500947780)

(2) This capital increase project is qualified for applying new and developing strategic industry. Since the oversea GDR shareholders can not be benefited from tax deduction for investment, Wistron is choosing the investment project to be exempted from the profit-enterprise income tax.

(3) Please discuss.

Resolution:

## **Extemporary Motion**

## **Adjournment**

## **Appendix 1**

### **Management Report and Financial Statements for Year 2006**

Dear Shareholders,

On behalf of all Wistron employees, first I would like to express my sincere appreciation to all our shareholders for your support for Wistron's continuous growth.

During 2006, although facing increasing competition, Wistron continued delivering good business results by enhancing the operation management and infrastructure. Most significant were our reaching historic highs in both revenue and profit, and exceeding our 2006 goals. Notable achievements in the financial areas for 2006 versus 2005 are:

- Revenue growth over 40%
- Profit Before Tax growth over 90%
- Operating Profit growth over 90%

Besides the above financial indicators, Wistron also expanded our products' (e.g. Notebook, Game-console and servers) volume share and earned new business from our major customers.

#### **Financial and Operation Results**

Wistron broke new records in both revenues and profit in 2006. Revenue reached NT\$218.3 billion, an increase of 41% compared with the previous record set in 2005. Operation Profit reached NT\$7 billion and Net profit was NT\$5.3 billion, significant growth compared with 2005 results. Meanwhile, fully diluted earnings per share reached NT\$4.32, a historic high since Wistron's establishment in 2001.

To support our expanding business operations, our global operations grew significantly in terms of manufacturing footprint and employees. We are pleased to note that our gross margin continued improving to be above 6% in 2006 due to operation efficiency greatly improving in material cost management, production productivity and operation expense control. Furthermore, R&D expense was also well managed to align with budget and R&D product development hit rate was much improved.

From the customer and marketing point of view, we continued expanding our share in several major customers' business, while gaining additional business from new customers. We believe this shows that we have earned customer royalty through high customer satisfaction and our major customers are willing to give more volume orders to Wistron. This also illustrates that our customer centric and operation-focused organization can provide better quality, delivery and cost benefits to our customers.

#### **Business and Operation focus**

In 2007, the main operation focus is to make profitable growth a basic principle. Our strategy for profitable growth is to drive excellent quality through Six Sigma methodology, and continue to drive cost efficiency and customer satisfaction through lean, flexible and operation-focused organization. The ultimate goal is to continue building world-class operational capability throughout continued improvement.

For the business and product directions, besides growing our ICT product business in Notebook, Game Console and Server Storage, we have strategic investments into LCD-TV and other higher margin products like network storage, industrial application devices and rugged mobile devices.

Meanwhile, we will continue to drive innovation as the key differentiator. The focus of innovation will not only cover product innovation, but also cover innovation within our operation model and manufacture processes. As part of this, we will pay special attention to product and process innovation to ensure we are able to meet “Environment and Social Responsibility” requirements from customers and related regulations.

### **Outlook for the Future**

In the near future, the global economy in ICT related industry is expected to continue steady expansion; meanwhile, we believe some products, like Notebook PCs, will continue to experience gross margin pressure. We will continue expanding our product lines with higher margin business areas in mobile handheld, enterprise applications and digital appliance to cope with increasing competition. In addition, we are building an efficient after-sales service infrastructure to further differentiate ourselves to increase our competitive advantages for external competition.

Overall, the strength of our continued improvement on operation quality and efficiency, coupled with our emphasis on customer-centric and operation-focused organization, should enable Wistron to increase our competitiveness. We are confident that our dedication, our operating and financial discipline, as well as our strong commitment to innovation and customer partnership, will allow us to sustain our current good performance.

Wistron’s long-term vision is to be the leading provider of design, manufacturing and after-sales service support for ICT products. For our future strategy, in addition to creating innovative products, we shall continue to focus on creating the innovative services that truly benefit our customers. We believe this strategy will build long-term value for our shareholders. On behalf of all Wistron employees, I wish to thank all our shareholders for their support and confidence.

Chairman and CEO

## Independent Auditors' Report

The Board of Directors

Wistron Corporation:

We have audited the accompanying non-consolidated balance sheets of Wistron Corporation (the "Company") as of December 31, 2005 and 2006, and the related non-consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wistron Corporation as of December 31, 2005 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of China.

As stated in note 3 to the accompanying non-consolidated financial statements, the Company adopted Republic of China Statement of Financial Accounting Standards ("SFAS") No. 35 "Impairment of Assets" starting from January 1, 2005, under which it accounts for asset impairment when there is an indication of impairment. In addition, the Company adopted SFAS No. 34 "Financial Instruments: Recognition and Measurement", SFAS No. 36 "Financial Instruments: Disclosure and Presentation", and the newly amended SFAS No. 1 "Conceptual Framework for Financial Accounting and Preparation of Financial Statements", SFAS No. 5 "Long-term Investments under Equity Method" commencing from January 1, 2006. The changes in accounting principle increased the Company's net income and earnings per share by NT\$23,956,000 and NT\$0.02, respectively, for the year ended December 31, 2006. In accordance with SFAS No. 34, the Company used fair value to evaluate its financial assets on January 1, 2006. The adjustment of stockholders' equity amounted to NT\$82,008,000 as of January 1, 2006.

The accompanying non-consolidated financial statements as of and for the year ended December 31, 2006, have been translated into United States dollars solely for the convenience of the readers. We have audited the translation, and in our opinion, the non-consolidated financial statements expressed in New Taiwan dollars have been translated into United States dollars on the basis set forth in note 2(t) of the notes to the non-consolidated financial statements.

We have audited the consolidated financial statements as of and for the years ended December 31, 2005 and 2006. Based on our audits, we expressed an unqualified opinion with an explanatory paragraph on the consolidated financial statements.

A handwritten signature in black ink that reads "KPMG". The letters are stylized and slanted to the right.

Taipei, Taiwan (the Republic of China)  
March 2, 2007

Note to Readers

The accompany non-consolidated financial statements are intended to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China.

**WISTRON CORPORATION**

**Non-consolidated Balance Sheets**

**December 31, 2005 and 2006**

(in thousands of dollars)

Assets	<u>2005.12.31</u> NT\$	<u>2006.12.31</u> NT\$      US\$		Liabilities and Stockholders' Equity	<u>2005.12.31</u> NT\$	<u>2006.12.31</u> NT\$      US\$	
<b>Current assets:</b>				<b>Current liabilities:</b>			
Cash and cash equivalents	3,350,604	7,741,538	237,500	Notes and accounts payable	4,182,647	8,578,467	263,175
Notes and accounts receivable, net of allowance for doubtful accounts of NT\$77,898 and NT\$29,110 as of December 31, 2005 and 2006, respectively	12,802,661	12,861,509	394,573	Notes and accounts payable — related parties	14,488,979	15,871,885	486,927
Notes and accounts receivable—related parties	4,565,340	12,673,669	388,811	Other payable—related parties	1,132,230	714,346	21,915
Other receivable—related parties	1,863,593	207,282	6,359	Financial liabilities—convertible bonds	493,544	-	-
Other financial assets—current	2,240,022	4,892,657	150,100	Accrued warranty payable	596,698	818,791	25,120
Inventories	5,389,471	3,469,897	106,452	Accrued expenses and other current liabilities	2,140,889	3,819,462	117,176
Deferred income tax assets—current	537,072	789,916	24,233	Deferred inter-company profits	<u>155,599</u>	<u>95,497</u>	<u>2,930</u>
Prepaid expenses and other current assets	163,980	443,602	13,609	<b>Total current liabilities</b>	<u>23,190,586</u>	<u>29,898,448</u>	<u>917,243</u>
Financial assets at fair value through profit or loss—current	-	2,315	71	<b>Other liabilities</b>	<u>10,903</u>	<u>22,233</u>	<u>682</u>
Available-for-sale financial assets—current	<u>5,302,000</u>	<u>3,157,313</u>	<u>96,862</u>	<b>Total liabilities</b>	<u>23,201,489</u>	<u>29,920,681</u>	<u>917,925</u>
<b>Total current assets</b>	<u>36,214,743</u>	<u>46,239,698</u>	<u>1,418,570</u>	<b>Stockholders' equity:</b>			
<b>Long-term investments:</b>				Common stock	11,782,742	12,723,568	390,341
Long-term equity investments under equity method	7,689,224	7,922,091	243,039	Capital surplus—paid-in capital in excess of par	9,892,084	10,209,222	313,205
Available-for-sale financial assets—noncurrent	68,115	103,331	3,170	Capital surplus—resulting from treasury stock transactions	621	1,554	48
Financial assets carried at cost—noncurrent	<u>188,903</u>	<u>384,264</u>	<u>11,788</u>	Legal reserve	339,755	657,949	20,185
<b>Total long-term investments</b>	<u>7,946,242</u>	<u>8,409,686</u>	<u>257,997</u>	Unappropriated earnings	3,281,559	5,477,540	168,043
<b>Property, plant and equipment:</b>				Foreign currency translation adjustment	280,469	423,904	13,004
Land	746,204	746,204	22,893	Unrealized gain (loss) on available-for-sale financial assets	(1,907)	49,646	1,523
Buildings and improvements	1,366,198	1,366,198	41,913	Treasury stock	<u>(532,886)</u>	<u>(817,555)</u>	<u>(25,081)</u>
Machinery and equipment	665,903	684,297	20,993	<b>Total stockholders' equity</b>	<u>25,042,437</u>	<u>28,725,828</u>	<u>881,268</u>
Molding equipment	1,337,260	1,904,117	58,416	<b>Commitments and contingencies</b>			
Research and development equipment	293,332	363,646	11,156				
Furniture and fixtures	148,775	252,723	7,753				
Other equipment	45,920	52,485	1,610				
Construction in progress and advance payments for purchases of property and equipment	<u>164,760</u>	<u>147,066</u>	<u>4,512</u>				
	4,768,352	5,516,736	169,246				
Less: accumulated depreciation	<u>(1,975,799)</u>	<u>(2,568,491)</u>	<u>(78,798)</u>				
<b>Net property, plant and equipment</b>	<u>2,792,553</u>	<u>2,948,245</u>	<u>90,448</u>				
<b>Intangible assets</b>	126,114	315,281	9,672				
<b>Deferred income tax assets—noncurrent</b>	901,130	432,744	13,276				
<b>Deferred expenses and other assets</b>	<u>263,144</u>	<u>300,855</u>	<u>9,230</u>				
<b>Total assets</b>	<u>48,243,926</u>	<u>58,646,509</u>	<u>1,799,193</u>	<b>Total liabilities and stockholders' equity</b>	<u>48,243,926</u>	<u>58,646,509</u>	<u>1,799,193</u>

# WISTRON CORPORATION

## Non-consolidated Statements of Income

**For the years ended December 31, 2005 and 2006**  
(in thousands of dollars, except net income per common share)

	<u>2005</u>	<u>2006</u>	
	NTS	NTS	US\$
<b>Revenues</b>	156,035,482	220,510,667	6,764,961
Less: sales returns and allowances	<u>(1,093,670)</u>	<u>(2,156,099)</u>	<u>(66,146)</u>
<b>Net revenues</b>	154,941,812	218,354,568	6,698,815
<b>Cost of revenues</b>	<u>(145,709,515)</u>	<u>(204,292,123)</u>	<u>(6,267,399)</u>
<b>Gross profit</b>	9,232,297	14,062,445	431,416
<b>Change in unrealized inter-company profits</b>	<u>(3,362)</u>	<u>60,101</u>	<u>1,844</u>
<b>Realized gross profit</b>	<u>9,228,935</u>	<u>14,122,546</u>	<u>433,260</u>
<b>Operating expenses</b>			
Selling	(2,667,180)	(3,383,502)	(103,801)
Administrative	(578,538)	(880,457)	(27,011)
Research and development	<u>(2,388,439)</u>	<u>(2,870,783)</u>	<u>(88,072)</u>
<b>Total operating expenses</b>	<u>(5,634,157)</u>	<u>(7,134,742)</u>	<u>(218,884)</u>
<b>Operating income</b>	<u>3,594,778</u>	<u>6,987,804</u>	<u>214,376</u>
<b>Nonoperating income and gains:</b>			
Interest income	58,760	122,727	3,765
Investment gain recognized under equity method, net	-	95,021	2,915
Gain on disposal of investments, net	175,682	114,631	3,517
Rental income	89,263	98,072	3,009
Other income	<u>92,763</u>	<u>87,084</u>	<u>2,671</u>
	<u>416,468</u>	<u>517,535</u>	<u>15,877</u>
<b>Nonoperating expenses and losses:</b>			
Interest expense	(389,577)	(742,917)	(22,792)
Investment loss recognized under equity method, net	(113,653)	-	-
Loss on disposal of property, plant and equipment, net	(6,965)	(1,628)	(50)
Foreign currency exchange loss, net	(217,335)	(127,571)	(3,914)
Evaluation loss on financial assets, net	(57,134)	(43,000)	(1,319)
Other loss	<u>(14,143)</u>	<u>(15,448)</u>	<u>(473)</u>
	<u>(798,807)</u>	<u>(930,564)</u>	<u>(28,548)</u>
<b>Income before income taxes</b>	3,212,439	6,574,775	201,705
<b>Income tax expense</b>	<u>(30,493)</u>	<u>(1,247,902)</u>	<u>(38,284)</u>
<b>Net income</b>	<u>3,181,946</u>	<u>5,326,873</u>	<u>163,421</u>

Net income per common share (in dollars)	Before income taxes	After income taxes	Before income taxes		After income taxes	
	NTS	NTS	NTS	US\$	NTS	US\$
Basic earnings per share — retroactively adjusted	<u>3.14</u>	<u>3.11</u>	<u>5.33</u>	<u>0.16</u>	<u>4.32</u>	<u>0.13</u>
Diluted earnings per share — retroactively adjusted	<u>2.87</u>	<u>2.84</u>	<u>5.32</u>	<u>0.16</u>	<u>4.31</u>	<u>0.13</u>

**WISTRON CORPORATION**

**Non-Consolidated Statements of Changes in Stockholders' Equity**

**Years ended December 31, 2005 and 2006**  
(in thousands of New Taiwan dollars)

	<u>Common stock</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Unappropriated earnings</u>	<u>Foreign currency translation adjustment</u>	<u>Unrealized gain (loss) on available-for-sale financial assets</u>	<u>Treasury stock</u>	<u>Total stockholders' equity</u>
<b>Balance at December 31, 2004</b>	9,493,140	5,695,545	339,755	109,948	113,892	-	(775,695)	14,976,585
Net income	-	-	-	3,181,946	-	-	-	3,181,946
Foreign currency translation adjustment	-	-	-	-	166,577	-	-	166,577
Issuance of GDR	1,500,000	3,062,200	-	-	-	-	-	4,562,200
Common stock and capital surplus from conversion of ECB	551,632	1,063,135	-	-	-	-	-	1,614,767
Treasury stock sold to employees	-	621	-	-	-	-	242,809	243,430
Issuance of common stock for exercise of stock option	237,970	73,771	-	-	-	-	-	311,741
Decrease in capital surplus and retained earnings resulting from long-term equity investments	-	(2,567)	-	(10,335)	-	-	-	(12,902)
Adjustment for available-for-sale financial assets	-	-	-	-	-	(1,907)	-	(1,907)
<b>Balance at December 31, 2005</b>	11,782,742	9,892,705	339,755	3,281,559	280,469	(1,907)	(532,886)	25,042,437
Effect of adoption of ROC SFAS No. 34 "Financial Instruments: Recognition and Measurement" commencing from January 1, 2006	-	-	-	-	-	82,008	-	82,008
Net income	-	-	-	5,326,873	-	-	-	5,326,873
2006 appropriation of net income:								
Legal reserve	-	-	318,194	(318,194)	-	-	-	-
Stock dividends to shareholders	588,466	-	-	(588,466)	-	-	-	-
Stock dividends to employees as bonus	171,481	-	-	(171,481)	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	(28,638)	-	-	-	(28,638)
Cash dividends	-	-	-	(1,765,397)	-	-	-	(1,765,397)
Employee bonus	-	-	-	(114,321)	-	-	-	(114,321)
Foreign currency translation adjustment	-	-	-	-	143,435	-	-	143,435
Issuance of common stock for exercise of stock option	10,640	3,298	-	-	-	-	-	13,938
Common stock and capital surplus from conversion of ECB	170,239	313,841	-	-	-	-	-	484,080
Treasury stock sold to employees	-	932	-	-	-	-	433,063	433,995
Common stock acquired by the Company	-	-	-	-	-	-	(717,732)	(717,732)
Decrease in retained earnings resulting from long-term equity investments	-	-	-	(144,395)	-	-	-	(144,395)
Adjustment for available-for-sale financial assets	-	-	-	-	-	(30,455)	-	(30,455)
<b>Balance at December 31, 2006</b>	<u>12,723,568</u>	<u>10,210,776</u>	<u>657,949</u>	<u>5,477,540</u>	<u>423,904</u>	<u>49,646</u>	<u>(817,555)</u>	<u>28,725,828</u>

**WISTRON CORPORATION**

**Non-consolidated Statements of Cash Flows**

**For the years ended December 31, 2005 and 2006**  
(in thousands of dollars)

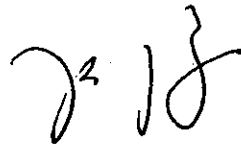
	<b>2005</b>	<b>2006</b>	<b>US\$</b>
	<b>NT\$</b>	<b>NT\$</b>	
<b>Cash flows from operating activities:</b>			
Net income	3,181,946	5,326,873	163,421
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	626,634	785,873	24,109
Loss on disposal of property and equipment, net	6,965	1,628	50
Gain on disposal of long-term investments, net	(136,522)	-	-
Evaluation loss on financial assets	57,134	43,000	1,319
Impairment loss on long-term equity investments	-	1,585	48
Evaluation gain on financial assets	-	(2,315)	(71)
Deferred income tax expense (profit)	(101,116)	216,347	6,637
Net investment loss (gain) accounted for by equity method and cash dividend received	147,189	(31,633)	(971)
Changes in operating assets and liabilities:			
Notes and accounts receivable	(7,244,111)	(58,848)	(1,805)
Notes and accounts receivable—related parties	(364,889)	(8,108,329)	(248,752)
Other receivable—related parties	(1,084,425)	3,226,048	98,970
Other financial assets—current	(1,212,641)	(2,652,635)	(81,379)
Inventories	(806,507)	1,919,574	58,890
Prepaid expenses and other current assets	58,461	(279,622)	(8,578)
Notes and accounts payable	84,004	4,395,820	134,858
Notes and accounts payable—related parties	7,754,049	1,382,906	42,426
Other payable—related parties	(158,722)	(417,884)	(12,820)
Accrued warranty payable	52,764	222,093	6,814
Accrued expenses and other current liabilities	844,696	1,669,109	51,206
Deferred inter-company profits	3,363	(60,102)	(1,844)
Other liabilities	9,584	11,330	348
<b>Cash provided by operating activities</b>	<b>1,717,856</b>	<b>7,590,818</b>	<b>232,876</b>
<b>Cash flows from investing activities:</b>			
Decrease (increase) in available-for-sale financial assets—current	(3,828,000)	2,145,000	65,805
Increase in financial assets carried at cost—noncurrent	-	(59,680)	(1,831)
Proceeds from disposal of long-term investments	407,292	-	-
Increase in non-trade receivables from related parties	(166,364)	(1,636,465)	(50,205)
Increase in long-term equity investments	(1,203,437)	(300,513)	(9,219)
Additions to property, plant and equipment	(626,514)	(792,195)	(24,303)
Proceeds from disposal of property, plant and equipment	42,573	10,939	336
Increase in deferred expenses and other assets	(112,397)	(388,815)	(11,928)
<b>Cash used in investing activities</b>	<b>(5,486,847)</b>	<b>(1,021,729)</b>	<b>(31,345)</b>
<b>Cash flows from financing activities:</b>			
Issuance of common stock	4,873,941	13,938	428
Decrease (increase) in treasury stock	243,430	(283,737)	(8,705)
Decrease in convertible bonds payable	(1,466,722)	-	-
Cash dividends to shareholders	-	(1,765,397)	(54,160)
Employee bonus	-	(114,321)	(3,507)
Directors' and supervisors' remuneration	-	(28,638)	(879)
<b>Cash provided by (used in) financing activities</b>	<b>3,650,649</b>	<b>(2,178,155)</b>	<b>(66,823)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(118,342)	4,390,934	134,708
<b>Cash and cash equivalents at beginning of period</b>	<b>3,468,946</b>	<b>3,350,604</b>	<b>102,792</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,350,604</b>	<b>7,741,538</b>	<b>237,500</b>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the period for:			
Interest, excluding capitalized interest	<b>343,812</b>	<b>761,789</b>	<b>23,371</b>
Income taxes	<b>6,453</b>	<b>120,682</b>	<b>3,702</b>
<b>Supplemental information on non-cash investing and financing activities:</b>			
Foreign currency translation adjustment	<b>166,577</b>	<b>143,435</b>	<b>4,400</b>
Convertible bonds payable due within 1 year	<b>493,544</b>	<b>-</b>	<b>-</b>
Convertible bonds converted into common stock	<b>1,614,767</b>	<b>484,080</b>	<b>14,851</b>

## **Appendix 2**

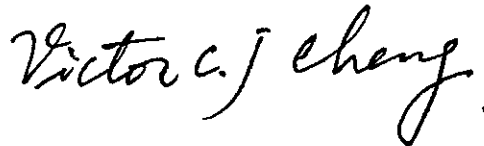
### **Supervisors' Audit Report**

The Board of Directors of Wistron Corporation has submitted to the Supervisors the Company 2006 business report, financial statements, and proposal for profit distribution. The CPAs of KPMG were retained to audit the financial statements and have submitted a report relating thereto. We, the undersigned, having further examined said business reports, statements and proposal, attest to the correctness and accuracy of their contents. In accordance with Article 219 of the Company Law, we hereby submit this report.

Supervisor: Philip Peng  
Acer Inc.



Supervisor: Victor C.J. Cheng



April 27, 2007

## **Appendix 3**

# **Regulation for First Buy Back Company Shares for Transfer to Employees for Year 2006**

Publication Date: June 16, 2006

Amendment Date: July 7, 2006

### 1. Purpose

In order to encourage employees, the Regulation for First Buy Back Company Shares for Transfer to Employees for Year 2006 (“Regulation”) is enacted following Subparagraph 1 of Paragraph 1 of Article 28-2 of the Securities and Exchange Act and relevant rules published by Securities and Future Administration Commission, including “Regulations Governing Share Repurchase by Listed and OTC Companies.” Wistron’s buying back company shares to employees, except for otherwise regulations, will be proceeded by this Regulation.

### 2. Transferring Shares’ Content of Rights and the Restriction

The class of shares transferred to employees is common stock and the rights and obligations, except for otherwise regulations and rules set in this Regulation, will be identical to other outstanding shares.

### 3. Transferring Period

The shares that are bought back this time can be transferred to employees at one time or several times during 3 years from the date of buying back.

### 4. Qualification for Transferee

If the Taiwan official employees have been worked for 3 months before the date of share purchasing or any employee that is deemed to have special contribution and ratified by the BOD, they can purchase shares in accordance with Article 5 of the Regulation. However, if those share-purchasing employees have left (or suspended without payment) Wistron between the date of purchasing and payment, they will be deemed as unqualified purchaser.

### 5. The Amount for Employee’s Purchasing of Buy-Back

Wistron will consider the position of the employees and their special contribution, along with Wistron’s long-term development and set up the number for transferring. The aforesaid amount will be presented to the BOD for ratification.

### 6. Transferring Procedure

- (1) Publication and declaration and purchasing shares within execution period according to the BOD decision.
- (2) The President should within these Regulations publish the date for employees to purchase shares, the standard for share purchasing eligibility, the transferring price, the deadline for the purchase payment, rights and obligations and restrictions.

(3) Calculating the total number of purchased shares and processing the share transfer registration.

(4) The detailed practice procedures for the above statements will be enacted separately as enforcement rules, which will be ratified by the President and published afterwards.

#### 7. Transferring Price Per Share

The transferring price is the balance amount of the real payment amount for those buy back shares plus fixed interest for 1 year deposit provided by Bank of Taiwan (“Interest”). However, if the amount calculated by the above method is lower than the final price set on the stock exchange at the date of this Regulation establishment (“Final Price”), the price for the purchasing will be adjusted to use the Final Price plus Interest. Furthermore, if the common stock shares issued by Wistron have increased prior to the transferring, the transferring price should be adjusted in proportion to the issuing shares.

#### 8. Rights and Obligations After Transferring

The rights and obligations remain identical, except for otherwise regulation, to the original shares after the shares being transferred and registered under the name of employees.

#### 9. Other

This Regulation will be effective after the resolution by the BOD, same for amendments and will be submitted to shareholder’s meeting for report.

## **Appendix 4**

### **Rules and Procedures of Board of Directors Meeting**

1. To establish a Board of Directors (“BOD”) management system, strengthen supervising mechanism, and enhancing managing mechanism, the Rules and Procedures have been regulated in accordance with Article 2 of the Regulation of Procedures for Public Company BOD.
2. The procedures for Wistron’s BOD, including discussion items, working procedures, items required to be recorded in the journal, publication, and other matters, should be followed in accordance with the Rules and Procedures of BOD’ Meeting (“Rule”).
3. BOD meeting should be called one time every three months.  
The reasons for calling BOD meeting should be recorded and every Directors and Supervisors should be notified 7 days prior to the meeting. However, when there is emergency, the BOD meeting can be called anytime.  
Every item listed in Paragraph 1 of Article 12 of the Rule, except under the emergency circumstances or with justified reasons, should be recorded at the calling notice and can not be presented by extemporaneous motion.
4. Wistron has appointed the Chairman of Board’s office as the business discussion unit.  
The business discussion unit should prepare the BOD’s discussion content and provide sufficient meeting information and deliver the data with the calling notice.  
If Directors find the discussion information insufficient, they can ask for supplement from the business discussion unit or with BOD’s resolution, postpone the BOD’s meeting.
5. For record purpose, Wistron shall prepare a sign-up book for the Directors to register his attendance when the BOD meeting is held.  
The Directors shall attend the BOD meeting in person; otherwise, they may authorize another director to represent him in the BOD meeting in accordance with the Articles of Incorporation of Wistron. The Directors are regarded as present in the BOD’s meeting if they join the BOD meeting by videoconference.  
If any director shall assign another director to represent him in the BOD meeting, he shall present the proxy and specify the scope of authorization each time.  
The above-mentioned representatives may not represent more than one director at once.
6. The BOD meeting shall be called in the principal office and within the office hours of Wistron or at other appropriate location and timing for the convenience of the Directors.
7. The BOD of Wistron shall be called and presided by the chairman of Board. However, the first BOD meeting for the term shall be called by the Director representing the most voting rights from the shareholder votes. The BOD meeting shall be chaired by the said Director. If two or more Directors qualify to be chairman of Board, one of them shall be elected as Chairman.

If the chairman of Board is absent or unable to attend the BOD meeting for some reason, the chairman of Board shall appoint one Director to act as his proxy. If no proxy is appointed by the Chairman, the Directors shall elect one Director to be the proxy of the Chairman.

8. When Wistron holds a BOD meeting, it may notify the managerial staff of relevant departments who did not serve as directors to attend the meeting in accordance with the proposals for resolution. Accountants, lawyers or other professional may be invited to attend the BOD meeting if deemed necessary.

The chairman of the Board meeting shall commence the meeting if the time for the BOD meeting is due and more than half of the Directors are present. If the time for BOD meeting is due but more than half of the All Directors are not present, the chairman of Board may postpone the meeting; provided that the meeting shall not be postponed more than twice or for more than one hour in aggregate. After the second stay, if the number of All Directors in attendance still falls below the minimum requirement, the Chairman shall reconvene the BOD meeting in accordance with the procedures set forth in Paragraph 1 of Article 3.

“All Directors” mentioned in the above paragraph and Sub-paragraph 2 of Paragraph 2 of Article 16 shall mean those in their term of office.

9. The entire proceedings for Wistron’s BOD meeting shall be recorded or videotaped for file as evidence and be kept for at least five years. The records and videos may be kept electronically.

Prior to the expiration of record-keeping period, in the event that any litigations arises in relation to the BOD resolutions, the relevant portion of records or videos in file shall continue to be preserved notwithstanding of the stipulations in the preceding paragraph.

If the BOD meeting is conducted by way of videoconference, the recording and videos of the meeting shall be preserved permanently as part of meeting minutes.

10. The content of the resolution in the BOD meetings shall include at least the following items:

I. Items to be reported:

- (1) The minutes of last BOD meeting and the status of enforcement.
- (2) Important financial and business report.
- (3) Internal audit report.
- (4) Other important items.

II. Items to be discussed:

- (1) The preserved items from last BOD meeting.
- (2) The planned items for discussion in this BOD meeting.

III. Extemporary Motion

11. Wistron’s BOD meeting shall proceed in accordance with the content of the meeting notice, provided that the content may be changed by the agreement/consent of the

majority of the Directors present at the meeting.

The Chairman may not announce adjournment unilaterally without the consent of the majority of the Director present at the meeting while the discussion items of the BOD meeting and the Extemporary Motion have not been completed.

While the BOD meeting is in process, if the number of Directors actually present at the meeting is less than one-half of Directors signed-up for attendance, the Chairman of Board may announce adjournment per the request of the Directors actually present in the meeting.

12. The following items shall be submitted for the discussion by Wistron's BOD:

- (1) The annual operation plan of Wistron.
- (2) Annual financial report and the bi-annual financial reports.
- (3) Internal control mechanism set forth or revised in accordance with Article 14-1 of the Securities Exchange Act ("SEA")
- (4) The processing procedures for acquiring assets, engaging in transactions for derivatives, extending loans to third parties, endorsing checks for third parties, providing guarantee or engaging other material financial or business conducts, which are regulated by Article 36-1 of the SEA.
- (5) To conduct raise, issuance or private placement of securities with the rights of shares.
- (6) The hiring or termination of chief executives of finance, accounting or internal audit
- (7) Other items which shall be submitted for the approval by shareholder meeting or BOD meeting in accordance with Article 14-3 of SEA, other laws or Articles of Incorporations or other material items regulated by the Competent Authority.

The Independent Directors shall attend the BOD meeting in person for items subject to BOD approval according to Article 14-3 of SEA; no proxy shall be assigned. If Independent Director has any objection or reservation opinions, they shall be recorded in the meeting minutes of the BOD meeting. If Independent Director may not attend the BOD meeting in person to express his objection or reservation opinions, he shall present a written opinion to be written into the meeting minutes of BOD meeting except for reasonable excuses.

13. If the Chairman deemed the discussion of a proposal is sufficient for voting, he may stop the discussion and submit the proposal for voting.

With respect to the procedures for the BOD resolution, a proposal shall be deemed approved if the Chairman has consulted those Directors present at the meeting and no objection is presented. If any Director raises objection against a proposal after consulted by Chairman, the proposal shall be submitted for voting. The method for resolution is by raising hands or casting votes if necessary and agreed by the Directors present at the BOD meeting.

14. The resolution of the BOD meeting shall be passed with a quorum of majority Directors

present in the meeting and by the approval of majority of vote by Directors present at the BOD meeting.

If a proposal has amendment or substitute proposals, the Chairman shall arrange the sequence for resolution in addition to the original proposals. However, if one of the proposals is passed, the remaining the proposals shall be deemed abolished and no further resolution is needed.

If it is necessary to have any person supervise or calculate the votes in a resolution for a proposal, such person shall be appointed by the Chairman; provided that the person supervising voting shall be a director of Wistron.

The result of the resolution shall be reported on the spot and written into records/meeting minutes.

15. A director shall not participate in the discussion or resolution about one proposal nor represent other directors to exercise voting rights if he or the juridical person he represents is interested in such a proposal and his participation has the possibility of hindering the interest of Wistron.

With regard to the interested Directors unable to exercise the voting rights in the resolution of Wistron's BOD meeting, Wistron shall deal with the situation pursuant to Paragraph 2 of Article 206 of the Company Act applying by analogy to Paragraph 2 of Article 180 of the same Act.

16. The BOD meeting shall be recorded in meeting minutes. The following items shall be recorded in the minutes:

- (1) The number (or year) of the meeting, time and place;
- (2) The name of the chairman;
- (3) The attendance of the directors, including the name and number of the attending, leave, or absence;
- (4) The name and title of the attending directors;
- (5) The name of the secretary;
- (6) The report items;
- (7) The discussion items: the manner for resolution and result for every proposal, the speech summary of directors, supervisors, experts, and other personnel, objection or reserved option with record or written declaration, and the written opinion issued by independent directors according to Section 2 of Article 12;
- (8) Extemporary motion: the name of the proposing person, the manner for resolution and result for such proposal, the speech summary of directors, supervisors, experts, and other personnel, objection or reserved option with record or written declaration;
- (9) Other items that is necessary to be recorded.

If any of the following happens, the resolution of BOD, other than recorded in the meeting minutes shall be announced in Market Observation Post System designated by

FSC within two days:

- (1) the objection or reserved option issued by independent directors with record or written declaration;
- (2) the item that has not been approved by audit committee but approved by more than two-third of all directors.

The chairman of the meeting and recorder should sign or chop on the journal, which will be delivered to every Director and Supervisor respectively after 20 days from the meeting. The journal should be filed as an important document for Wistron and be permanently well preserved while Wistron is in existence.

The producing and delivery of the said journal can be done electronically.

17. Except for the matters required to be submitted for discussion in accordance with Paragraph 1 of Article 12 of the Rules, during the BOD recess, BOD should authorize and designate its duty according to relevant laws or Wistron's Articles of Incorporation. The authorization level, content and matters should be clear instead of overall authorization.
18. The Rules will be taken into effect after the BOD adopts the resolution, same as amendment, and be submitted to shareholder's meeting for report.
19. The Rules were enacted on March 24, 2003

The 1st amendment was made on February 17, 2005

The 2nd amendment was made on October 27, 2006 and taken into effect on January 1, 2007.

## Appendix 5

### Influence of Stock Dividend on Wistron's Business,

### Earnings Per Share and Return on Shareholder's Investment

Descriptions		Year	Year 2007 (Forecast)
Paid-in capital at the beginning of the term			NT\$ 12,723,568,360
Stocks, dividend allocated in the year	Cash dividend per share (NT\$)		2.2
	Stock allocated per share upon capital increase with earning		0.060
	Stock allocated per share upon capital increase with capital reserve		0.000
Change in business performance	Operating profit (Expressed in Thousand NT Dollars)		N.A.
	Increase (decrease) of operating profit compared with preceding year		
	Net profit after tax (Expressed in Thousand NT Dollars)		
	Increase (decrease) of net profit after tax compared with preceding year		
	Earning per share (EPS) (NT\$)		
	Increase (decrease) of EPS compared with preceding year		
	Annual average return rate of investment (on grounds of annual EPS)		
Presumed EPS and EPS ratio	If earning converted for capital increase being totally allocated as stock dividend	Presumed EPS	N.A.
		Presumed annual average return rate of investment	
	If capital reserve was not converted for capital increase	Presumed EPS	
		Presumed annual average return rate of investment	
	If capital and earning converted for capital being allocated in cash dividend	Presumed EPS	
		Presumed annual average return rate of investment	

- (1) Remaining for the approval of general shareholder's meeting for year 2007.
- (2) Wistron is not required to disclose its financial forecast for year 2007 in accordance with "Regulations Governing the Publication of Financial Forecasts of Public Companies"

## **Appendix 6**

### **Information Regarding Employee Bonus and Remunerations for Directors and Supervisors, Which Are Approved by the Board of Directors**

Wistron's earnings distribution project for year 2006 has been approved by the BOD. The following is about the bonus to employees and remunerations to Directors and Supervisors:

1. Employee's bonus distribution in cash : NT\$143,537,926  
Employee's bonus in the form of shares: NT\$334,921,830  
Remunerations for Directors and Supervisors: NT\$47,941,859
2. Employee's bonus in the form of shares: 33,492,183 shares, which occupies 30.57% of the total annual capital increase by earnings.
3. After distribution of employee's bonus and remunerations for Directors and Supervisors, there will be NT\$3.89 earnings per share.

## **Appendix 7**

# **WISTRON CORPORATION**

## **Articles of Incorporation**

### **Chapter I General Provisions**

#### **Article 1**

The Company is incorporated in accordance with the provisions under the Company Law pertaining to companies limited by shares by the name of WISTRON CORPORATION.

#### **Article 2**

The business items of the Company are set out as follows:

1. CC01120 Data Storage Media Manufacturing and Duplicating,
2. CC01060 Manufacture of wire communication equipment,
3. CC01070 Manufacture of radio communication equipment,
4. CC01080 Manufacture of electronic components and parts,
5. I301010 Information technology service,
6. I501010 Product design service,
7. F401010 Import/export trading and dealer businesses,
8. CE01030 Manufacture of optical equipment,
9. F401021 Import trading business of restricted radio frequency machinery, with permission only for radio transmitters,
10. CC01101 Manufacture of restricted radio frequency machinery, with permission only for radio transmitters,
11. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
  - (1) R&D, development, design, manufacture (including module), testing and sales of PCs, portable PCs, motherboards, servers, file-transfer protocols, high performance multi-CPU computing systems, multimedia PCs, web PCs, consumer computing systems and professional computing systems, micro processors, CD-ROM drivers, PDAs, tablet PCs, pocket PCs, interface cards, and semi-manufactured, components and parts, and related products thereof.
  - (2) R&D, development, design, manufacture (including module), testing and sales of video phones and web phones, video conference equipment and electronic communication apparatus, and semi-manufactured, components and parts, and related products thereof.
  - (3) R&D, development, design, manufacture (including module), testing and sales of satellite TV receivers, set-top-boxes, video-conference decoders, and semi-manufactured, components and parts, and related products thereof.

- (4) R&D, development, design, manufacture (including module), testing and sales of digital cameras, video CDs, Digital CDs, and semi-manufactured, components and parts, and related products thereof.
- (5) R&D, development, design, manufacture (including module), testing and sales of radio frequency machinery (mobile phones, wireless network cards, blue tooth module) and semi-manufactured, components and parts, and related products thereof.
- (6) Providing Integrated information systems, including software and programming; and
- (7) Import/export trading business related to the above businesses.
- (8) R&D, development, design, manufacture (including module), testing and sales of LCD TVs and other audiovisual electric products. (can only be conducted outside Hsinchu Science Park)

### **Article 3**

The Company may engage in external guarantees to meet business or investment needs.

### **Article 4**

The total investment amount by the Company is exempt from the cap amount provided in Section 13 of the ROC Company Law.

### **Article 5**

The head office of the Company is located in the Hsinchu Science Park. Subject to the approval by board of directors and governmental authority, the Company may set up branch offices at other proper location(s).

## **Chapter II Share Capital**

### **Article 6**

The total capital amount of the Company is Sixteen Billion New Taiwan Dollars (NTD 16,000,000,000), which is divided into One Billion Six Hundred Million (1,600,000,000) common shares with a par value of Ten New Taiwan Dollars (NTD10) each and will be issued by installments by the board of directors.

An amount of One Billion and Fifty Million New Taiwan Dollars (NTD1,050,000,000) from the above total capital amount divided into 105,000,000 shares with a par value of Ten New Taiwan Dollars each (NTD10) are reserved for the issuance of employee stock options.

### **Article 7**

The shares in the Company will be registered shares duly certified by three or more of the directors of the Company, numbered and issued in accordance with laws.

The Company may adopt book-entry transfer of shares, instead of issuance of share certificates; as well as with other securities of the Company.

## **Article 8**

The shareholders' meetings of the Company are divided into ordinary shareholders' meetings and extraordinary shareholders' meetings. The ordinary shareholders' meeting will be duly convened within six months following the close of each fiscal year in accordance with laws and regulations. Extraordinary shareholders' meetings may be convened when necessary in accordance with laws and regulations.

## **Chapter III Shareholders' Meeting**

### **Article 9**

Except otherwise provided by the relevant laws or regulations, shareholders may take action on a matter at a shareholders' meeting if a quorum of fifty percent (50%) or more of the outstanding shares of the Company exists. If a quorum exists, action on a matter is approved if more than fifty percent (50%) votes being represented at a meeting favor the action.

### **Article 10**

A shareholder unable to personally attend the shareholders' meeting for whatever cause may vote by proxy with a duly executed appointment form issued by the Company specifying the authorized powers. Except for securities trust enterprises or stock agencies approved by the competent authority, when a person who acts as a proxy for two or more shareholders, the represented shares which exceed three percent (3%) of the total voting right of the outstanding shares of the Company are not entitled to vote.

An appointment of a proxy is effective when a signed appointment form is received by the Company five (5) days before the shareholders' meeting. Where two or more appointment forms are received by the Company, the first one received shall govern.

## **Chapter IV Directors and Supervisors**

### **Article 11**

The Company will have a board of directors consisting of seven directors and three supervisors, who will be elected by the shareholders' meeting from persons with disposing capacity. Each director and supervisor will serve an office term of three years and may be re-elected. The Company may purchase liability insurance for the directors and supervisors to protect them against potential liabilities arising from their exercising of director or supervisor duties.

The compensation or transportation allowance paid to the directors and supervisors shall be determined by the board of directors' resolution according to the industry standard, no matter whether the Company has profit or suffered loss.

### **Article 11-1**

In compliance with Article 183 of the ROC Securities and Exchange Act, the Corporation's Board of Directors shall have two to four in number of independent directors. Independent directors shall be elected by adopting candidates nomination system. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.

#### **Article 12**

The chairperson of the board of the directors represents the Company and is elected from among the directors by a majority of the directors present at a meeting with an attendance of two-thirds of the directors. The company may create other functional committees.

#### **Article 13**

In case the chairperson of the board of directors will represent the Company and is on leave or unable to perform his or her functions for whatever cause, he or she may appoint a proxy in accordance with Section 208 of the Company Law. If the director is not able to attend a meeting in person, he or she may appoint another director as proxy. One director can only be proxy for only one director.

### **Chapter V Managerial Officers**

#### **Article 14**

The Company will have one chief executive officer, one general manager and a number of vice general managers, whose appointment, discharge and remuneration will be determined in accordance with Section 29 of the Company Law. Subject to the authority prescribed by the board of directors, the officers shall be empowered to manage the operation of the company and to sign relevant business documents for the company.

### **Chapter VI Accounting**

#### **Article 15**

The board of directors will prepare the documents set forth below after the end of the fiscal year and submit the same to the supervisors or for examination before the convening of the relevant shareholders' meeting, and thereafter to the shareholders' meeting for approval. The supervisors may entrust a certified public accountant on behalf of the Company to perform the above examination.

1. Business report;
2. Financial statements;
3. Profit distribution proposal or loss making-up proposal.

### **Article 16**

If the Company has profit as a result of the yearly accounting closing, 10% of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount shall be set aside as special reserved in accordance with the Securities and Exchange Act. The balance, if any, will be distributed in accordance with the following:

1. five to ten percent (5~10%) as employees' bonus; where such bonus is distributed by shares, employees of controlled companies, with qualifications set by the board of directors, shall be included;
2. one percent (1%) as the remuneration in cash to the directors and supervisors;
3. the rest as working capital of the Company and dividends to shareholders.

## **Chapter VII Supplementary Provisions**

### **Article 17**

In consideration that the Company is in a capital and technology-intensive industry and in consideration that the Company is in expansion and for its continual and steady growth a long-term investment plan needs to be adopted, therefore, the Company adopts the residual dividend policy as its dividend policy. Dividends paid by shares shall not be less than ten percent (10%) of the total dividends.

### **Article 18**

Matters not prescribed under the Articles of Incorporation shall be in accordance with the Company Law and the relevant rules and regulations.

### **Article 19**

These Articles of Incorporation were prescribed on May 30, 2001 followed by amendments dated as follows and enacted upon the approval of the relevant shareholders' meeting: June 16, 2001 (1st); November 3, 2001 (2nd); December 17, 2001 (3rd); June 7, 2002 (4th); June 17, 2003 (5th); June 16, 2004 (6th) ; June 16, 2004 (7th); June 9, 2005 (8th); June 8, 2006 (9<sup>th</sup>).

## **Appendix 8**

### **Procedures of Assets Acquisition and Disposal**

#### **Article 1**

##### Purpose and Legal Basis

To conform to laws and decrees and enhance the management of the Company's "Procedures of Acquiring or Disposing of Assets," these procedures are amended in accordance with Article 36-1 of the Securities and Exchange Law and December 10, 2005 the Ministry of Finance, Securities and Future Commission (hereinafter referred to as "SFC") per letter Ref. No. (91) Taiwan-Finance-Securities (1) 0910006105.

#### **Article 2**

The term "assets" as used in the Procedures including

1. Long-term or short-term investment in stocks, government bonds, corporate bonds, financial bonds, domestic beneficiary certificate, offshore mutual fund, depositary receipts, warrants, investment funds, underlying asset bonds, etc.
2. Real estate and other fixed assets.
3. Membership certificates.
4. Intangible assets, such as patent right, copyright, trademark right, franchise, etc.
5. Derivative products.
6. Assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws.
7. Other important assets.

#### **Article 3**

##### Definition

1. Derivative Products: means forward contracts, options, futures, leverage contracts, swaps, with worth derived from assets, interest rates, foreign exchange rates, indexes or other interests, and the hybrid contracts consisted by the above products, etc. The term "Forward Contracts" does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sale) contracts. Currently Wistron's currency products operations are spots, forwards, options and swaps. Operations of any other kinds on derivative products have to be duly authorized by the Board of Directors.
2. Assets Acquired or Disposed by Mergers, Splits, Acquisition or Shares Transference Pursuant to Laws: means assets acquired or disposed by mergers, splits, acquisition or shares transference pursuant to Enterprise Merger and Acquisition Law, Financial Holding Companies Law, Financial Institutions Merger Law or other laws or share transference

from other companies (hereinafter referred to as “share transference”) by issuing new shares pursuant to six paragraph of Article 156 of Company Law.

3. The term “related party” as used in these procedures, means which is provided pursuant to No. 6 of the ROC Statements of Financial Accounting Standards promulgated by Accounting Research and Development Foundation of the Republic of China.
4. The term “the date of the occurrence of the event” as used in these procedures, in principle means the date of contract signing, the date of payment, the date of consignment trading, the date of transfer, the date of resolution of Board of Directors or other date which can confirm the trading counterparty and trading amount (whichever is earlier). If a Company is engaged in investments necessary to be approved by the competent authority, it shall mean the above-said date of receiving the approval letter from the competent authority, whichever is earlier.
5. The term “professional appraisal institutions” as used in these procedures, means that the business of appraising real property or other fixed asset is recorded as a scope of business in its articles of incorporation or business registration certificate.
6. The term “subsidiary” as used in these procedures, means following companies directly or indirectly controlled by the Company throughout the country or overseas:
  - (1)the invested Company in which the Company directly holds more than 50% issued voting shares
  - (2)each invested Company in which the Company through its subsidiaries indirectly holds more than 50% issued voting shares and the rest shall apply the same.
  - (3)each invested Company in which the Company directly and through its subsidiaries indirectly holds more than 50% issued voting shares and the rest shall apply the same.
7. The term “within one year” as used in these procedures, means dating back for one year from the date of acquiring or disposing this asset (the announced period is exempt from counting in again)
8. The term “the most recent financial statement” as used in these procedures, means the financial statement publicly audited or reviewed by an accountant in accordance to laws before the Company acquires or disposes assets.

#### **Article 4**

##### Procedures of Evaluation and Operation for the Acquisition or Disposition of Assets

###### 1. Acquisition or Disposition of Securities

- (1) For securities acquired or disposed on a centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposition, targeted assets, and price reference, etc. to the in-charge department for the decision.
- (2) For securities not acquired or disposed on a centralized exchange market or OTC

exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposition, targeted assets, trading counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.

2. For acquisition or disposition of real estates, other fixed assets, membership certificates, intangible assets, and assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws, the operating department shall submit items such as the reasons for the proposed acquisition or disposition, targeted assets, trading counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.
3. For evaluation of derivative products, the financial manager shall hold periodic meeting with related persons examining operational strategies and performances. In principle, trading position and performances shall be reported to the chief fund manager every week, reported to the chief financial official monthly and reported to the Chairman of BOD seasonally.
4. As to related operations for acquisition or disposition of assets, they are all processed in accordance with the Company's relevant regulations for the internal control system.

## **Article 5**

### **Procedures of Ratification and Decision for the Acquisition or Disposition of Assets**

#### **1. Manner and the Reference Basis for the Decision on Price**

- (1) For securities purchased and sold on a centralized exchange market or OTC exchange, the price shall be decided by the market price at the time of transaction. For securities not acquired or disposed on a centralized exchange market or OTC exchange, the price shall be determined by reference to net value per share, profitability, and future development potential, in addition, the transaction price at the time shall also be referred.
- (2) The acquisition or disposition of real estate and other fixed assets shall be carried out by price comparison, price negotiation, or bidding. As to the price of real estate, it shall be determined by reference to the announced present value, appraised present value, and actual transaction price in the vicinity.
- (3) For acquisition or disposition of membership certificate, the price shall be integrally evaluated by reference to future anticipated added-value and produced benefit.
- (4) For acquisition or disposition of intangible assets such as patent right, copyright, trademark right, and franchise, the price shall be entirely determined by reference to elements such as future anticipated profit, levels of technology development and innovation, legally protected conditions, circumstances of license and implementation, production cost or implementation cost, in addition, the relevant elements of right owners and licensees shall also be integrally referred.

## 2. Amount and Level of License

In-charge department of the Company shall decide within its authority on the acquisition and disposition of assets in the following situations, provided, however, that matters governed by Article 185 of the Company Law shall be approved by the shareholders' meeting in advance:

- (1) Unless otherwise provided below, the acquisition or disposition of securities shall be approved by the Board of Directors before its execution:
  - (a) the chairman of the board is authorized by the Board of Directors to decide and execute a project that amount is within NT\$50 million, the executed project will be ratified by the Board of Directors thereafter.
  - (b) for acquisition or disposition of securities purchased and sold on the centralized exchange market or OTC exchange, the chairman of the board is authorized by the Board of Directors to decide and execute a project that amount is within NT\$300 million, the executed project will be ratified by the Board of Directors thereafter.
  - (c) short-term idle fund invested in short-term securities such as American government bond and domestic bond fund, whereby, the finance manager is authorized to execute for each single transaction or the daily total amount not exceeding NT\$300 million; the approval of vice president of finance is required for amount between NT300 million to 500 million; the approval of the chief financial officer is required for amount between NT\$500 million and NT1 billion; and the approval of the chairman of the board is required for amount exceeding NT\$1 billion.
- (2) The acquisition or disposition of real estate shall be approved by the Board of Directors before its execution, except that the chairman of the board is authorized by the Board of Directors to execute a project that is less than NT\$50 million, and it will be ratified by the Board of Directors thereafter.
- (3) The acquisition or disposition of other fixed assets; for any projects the amount is more than NT\$50 million, it has to be approved by the Board of Directors, the Chairman of the Board decides for other projects before its executions.
- (4) The license of acquisition or disposition of derivative products is enacted in accordance to the Company's development of turnover and variation of risk position; it is effective after the approved by the Chairman of the Board, and it is to be ratified by the Board of Directors thereafter, the procedure applies to any amendment.

## 3. Operating Department

Finance department is the operating department for securities and derivative product investments; the using department and the relevant in-charge department are the operating departments for investments in real estate, other fixed assets, intangible assets, membership certificate and assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws.

## Article 6

### Procedures of Announcement and Filing

1. The acquisition or disposition of the Company's assets, provided below, shall be announced and filed to the SFC's designated website in accordance to its nature and the stipulated form, within two days since its occurrence, with the relevant data and information:
  - (1) purchase of real estate from related party
  - (2) investment in Mainland China
  - (3) proceeding mergers, splits, acquisition or shares transference
  - (4) engaging in derivative products transactions and the loss reaching the upper limit loss amount of the total or individual contract prescribed in procedures.
  - (5) Unless asset transactions provided in the preceding four items, the transaction amount reaching 20% of the Company's paid-in capital or in exceeding NT\$300 million; however, not included otherwise provided below:
    - (a) purchase and sale of government bond
    - (b) purchase and sale of bonds with put or call conditions
    - (c) machinery equipments that are categorized as assets acquired or disposed for business use, the transaction counterparty is not a related party, and the transaction amount has not exceeded NT\$500 million
    - (d) real estate acquired by the Company by the ways of mandating others to build on its land, cooperatively building with others to split the units, cooperatively building with others to acquire the proportion of profits, or cooperatively building with others to separately sell the units, the transaction amount has not exceeded NT\$500 million (the calculation basis is based on the anticipated amount invested by the Company)
2. The transaction mounts in the preceding paragraph are calculated in accordance to the methods provided herein below:
  - (1) each single transaction amount
  - (2) the transaction amount accumulated within one year with the same counterparty in the acquisition or disposition of the targeted assets with the same nature
  - (3) the amount accumulated (the amounts for acquisition and disposition are separately accumulated) within one year in the acquisition or disposition of the same real estate in a development plan
  - (4) the amount accumulated (the amounts for acquisition and disposition are separately accumulated) within one year in the acquisition or disposition of the same securities
3. One year period in sub-section 2 is dating back from the date of the concerned transaction; the announced period is exempt from counting in again.
4. The Company shall monthly enter into the transaction situations of the derivative products engaged by it and its subsidiaries not categorized as domestic public companies up to the

end of the previous month in accordance to the stipulated form to the SFC's designated website for filing information before the 10th of each month.

5. Where any item required to be placed into a public announcement pursuant to these provisions is incorrect or not placed in the announcement and it is required to be supplemented, the whole announcement shall be remade and placed into a public announcement and reported to the competent authority by the Company.
6. Unless otherwise provided by other laws, the Company's acquisition or disposition of assets shall keep in reserve the relevant contracts, meeting minutes, registry, appraisal report, and the opinion books by accountant, attorneys or security underwriters for at least 5 years.
7. After announcing and filing the transaction in accordance to the provisions, provided that one of the following conditions exist, the Company shall announce and file the relevant data and information to the SFC's designated website within two days since its occurrence:
  - (1) The executed relevant contracts of the original transaction have been changed, terminated or ceased.
  - (2) Mergers, splits, acquisition or shares transference have not been completed in accordance to the anticipated timeframe set in the contracts.

## **Article 7**

### **Scope and Amount of Acquisition or Disposition of Assets**

1. Apart from acquisition of assets for business use, the Company may invest or purchase real estate and securities for non-business use, the limitations on amounts are set forth as follows:
  - (1) Total investment in real estate for non-business use shall not exceed 40% of the summation of shareholder's equity and long-term liabilities of the Company as certified by the accountant.
  - (2) Total investment in securities shall not exceed the shareholder's equity of the Company as certified by the accountant.
  - (3) Investment in a single security shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.
2. As to the Company and subsidiaries which the Company integrally holds more than (including) 50% share, the limitations on amounts of acquisition or disposition of assets shall not violate rules provided herein below:
  - (1) shall not purchase real estate for non-business use
  - (2) total investment in securities shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.
  - (3) investment in a single security shall not exceed 20% of the shareholder's equity of the Company as certified by the accountant.

## **Article 8**

### Control Management Process for Subsidiaries' Acquisition or Disposition of Assets

1. For the acquisition or disposition of assets by subsidiaries invested by the Company, the “ Procedures of Acquiring or Disposing of Assets” shall be enacted in accordance to regulations, and after the approval of the Board of Directors of the subsidiaries, submitted to each supervisor and reported to the shareholders' meeting for approval. After the approval of the shareholders' meeting, it shall be filed to the Board of Director of the Company. The same procedures shall apply with any amendment.
2. When the acquisition or disposition of assets by subsidiaries not categorized as domestic public companies reaches the standards of announcement and filing set forth herein, it shall be announced and filed by the Company with copies to relevant authorities-in-charge in accordance to procedures set forth herein.

## **Article 9**

### Punishment of Violation of the Procedure

When the Company's employees and personnel violate the Procedure, they will be punished according to the “Personnel Administration Regulation”.

## **Article 10**

### Appraisal Report from Professional Appraisal Institutions

In acquiring or disposing of real estates or other fixed assets by the Company, unless otherwise transacted with a government institution, commissioned others to build on its own land, leased land by appointing a constructor, or acquired or disposed the machines and equipment for business use, and the transaction amount reaching 20% of the Company's paid-in capital or in exceeding NT\$300 million, the Company shall obtain the appraisal report issued by professional appraisal institutions, and comply with provisions below:

1. Due to special circumstances, where a limited price or specified price is deemed as the reference basis of the transaction price, this transaction shall be reported and decided by the Board of Directors for approval. If there is any change of the transaction conditions, the procedures herein above shall apply.
2. If the transaction amount is more than NT\$ 1 billion, two or more professional appraisal institutions have to be retained for the appraisal.
3. An accountant's opinions on the differentiation and appropriateness of the transaction price is required if any one of the conditions below has happened:
  - (1) the difference between the appraisal of appraisal institutions and transaction amount is 20% of transaction amount or more;
  - (2) the difference of appraisal between two or more appraisal institutions reaches 10% of transaction amount or more.
4. If the appraisal is conducted before the execution of the contract, the dates between the

appraisal report issued and the contract executed cannot be more than three months, however, if the announced present value of the same period is applicable and is not more than six months, the original appraisal institution may issue the opinion.

#### **Article 11**

##### Certified Accountant's Opinions

1. A public company acquiring or disposing of securities, and the transaction amount reaches 20% of the Company's paid-in capital or in exceeding NT\$300 million, an accountant shall be retained for opinions on the reasonableness of the transaction price.
  - (1) Acquiring or disposing securities that are not traded in the centralized exchange market or OTC exchange.
  - (2) Acquiring or disposing private placement securities.
2. In acquiring or disposing membership certificate or intangible assets by a public company, and the transaction amount reaching 20% of the Company's paid-in capital or in exceeding NT\$300 million, an accountant shall be retained to express opinions on the reasonableness of the transaction price and the accountant shall handle the matter pursuant to Article 13 of the statements of Financial Accounting Standards No. 20 promulgated by Accounting Research and Development Foundation.
3. The public company acquired or disposed assets through the court auction procedures, they may replace the appraisal report or accountant opinions with the certified documents issued by the court.

#### **Article 12**

##### Purchase of Real Estate from Related Parties

The Company has to submit information provided below to the Board of Directors for approval and to supervisors for ratification before its execution of the purchase of real estate from related parties:

1. reasons, necessity and the anticipated benefit of real estate purchase
2. reasons of determination of the related persons as the transaction party
3. relevant information for evaluating the reasonableness of the anticipated transaction conditions pursuant to provisions of Articles 13 and 14
4. items such as the date and price originally acquired by the related party, transaction counterparty and its relations between the Company and the related party
5. the forecasting chart for cash received in each month for one year in the future from the anticipated month of contract execution, with the evaluation on the necessity of the transaction and the reasonableness of the fund usage
6. Conditions and other important agreed items of the transaction

#### **Article 13**

The Company purchases real estate from a related party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:

1. Based upon the related party's transaction price plus necessary interest on funding and the cost to be borne by the buyer according to law. The "necessary interest on funding" is imputed as the weighted average interest rate of the fund borrowed by the Company in the year of purchase of the asset.
2. Total loan value appraised by a financial institution if such object has been mortgaged to the financial institution for a loan; provided that the actual cumulative amount loaned by the financial institution for the object shall reach 70% or more of the appraised total value and the loan period is more than one year. However, this shall not apply if the financial institution and either party of the transaction are related persons.
3. Where the land and the buildings on the property are combined for the purchase, the cost of the transaction may be reached by respectively evaluating such land and building based on either method described above.
4. The Company purchases real estate from the related party, in addition to evaluate the cost of the cost of real estate pursuant to provisions prescribed in the preceding three paragraphs, an accountant shall be retained to check and provide specific opinion.
5. Where one of the following occurrence exists in the Company's purchase of the real estate from the related party, the transaction is exempt from the application of the preceding four paragraphs; however, the Article 12 shall still apply:
  - (1) the related party acquired real estate by inheritance or as a gift
  - (2) Between the signing date related party to receive the real estate and the signing date of the current transaction, 5 years has passed.
  - (3) acquiring real estate by the joint construction contract executed with the related party

#### **Article 14**

Where the evaluations reached by the Company pursuant to the first to third paragraphs in preceding Article are consonantly lower than the transaction price, the provisions of Article 15 apply; however, if any of the circumstances below exists, accompanied objective evidence provided, a professional real property appraiser's reasonableness obtained and an accountant's specific opinions rendered, the restriction shall not apply:

1. Where the related party purchased a piece of undeveloped land or leased land for construction, and the evidence provided meets one of the following conditions:
  - (1) The total value of the undeveloped land, evaluated based on the methods referred to in the preceding paragraph, and the building, calculated based on the related party's construction cost plus reasonable construction profit, is more than the actual transaction price. The said "reasonable construction profit" shall be the average operating gross profit ratio of the construction department of the related party within the last three years

or the most recent gross profit ratio of the construction industry published by the Ministry of Finance, whichever lower.

(2) The transaction of the other floors/levels on the same property of nearby region consummated within one year by non-related parties, the area being similar and the transaction conditions being reasonable after reasonable appraisal of the price difference of floor/level or region in accordance with real estate sale transaction practice.

(3) In the case of lease of non-related party of the other floors/levels of the object within one year, the transaction conditions being reasonable after reasonable appraisal of the price difference of floors/level or region in accordance with real estate lease transaction practice.

2. The Company provides evidence to prove that the transaction conditions for purchase of the real estate from the related party correspond with those of other transactions of non-related parties in the neighborhood and within one year, with a similar area.

The transaction in the neighborhood in the preceding paragraph shall mean the transaction of the real estate on the same or nearby street with a distance of less than 500 meters from the estate in question. The term “similar area” means that in the case of transaction of non-related party, the area is not less than 50% of the estate in question. The “within one year” means dating back for one year from the date of acquiring this real estate.

### **Article 15**

When the Company requires real estate from the related party and the evaluations reached pursuant to the Articles 13 and 14 are consonantly lower than the transaction price, below items shall be followed:

1. allocate the difference between the real estate transaction price and the evaluated cost as special reserve
2. the supervisors handles the matter pursuant to Article 218 of the Company Law
3. report the handling condition of the first and second items to the shareholders’ meeting and disclose the detailed transaction content in the annual report and the prospectus

The Company allocates special reserve in accordance to the preceding paragraph shall not use such special reserve until and unless a devaluation loss on the asset purchased at high price has been rendered, or such asset has been disposed of, or proper compensation had been received, or the original status has been restored, or has been acquitted of the unreasonableness by other evidence and has been approved by the SFC.

### **Article 16**

Transaction of Derivative Products

The Company engages in the transaction of derivative products shall heed to the control of the following important matters for the risk management and auditing and have they

functioned in the Procedures:

1. Trading principles and policies: shall include the types of derivative product transactions that can be made, operation or hedge strategies, responsibility division, main points for evaluating performance, total amount of contracts which can be engaged in the transaction of derivative products and the upper limit of loss for all and individual contracts.
2. Risk management measures
3. Internal auditing system
4. Method of periodic evaluation and management of abnormal conditions

#### **Article 17**

The Company engaging in the transaction of derivative products shall perform the following risk management measures:

1. The scope of risk management shall include the risk management of credit, market price, liquidity, cash flows, operation and law.
2. Dealing persons, confirming persons and settling persons for the derivative products transactions shall not be the same.
3. The persons in charge of the evaluation, supervision and control of risk-related matters shall respectively belong to the different departments as those in the preceding item and shall make a report to the Board of Directors or to the high-level managers who are not responsible for setting policies for transactions or positions to be engaged.
4. The position held in the trading of derivative products shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the Board of Directors.
5. Other important risk management measures

#### **Article 18**

Principles of Supervision and Management of the Board of Directors

1. Assign high-level managers to oversee the supervision and the control of the risk of derivative transactions at all times.
2. Periodically evaluate whether the results of the derivative transactions conform to the formulated operational policies and whether the attendant risk of these transactions is within the capability of the Company.

The Principles of Supervision and Control of the High-Level Managers Authorized by the Board of Directors:

1. Periodically evaluate whether the risk management measures currently being used are suitable and whether they conform with this Procedures and the “Rules to Engage in the Transaction of Derivative Products” formulated by the Company.
2. Supervise the transactions and loss-and-profit status, if there are any abnormal situations,

the high-level manager shall report to the Board of Directors and an independent director shall present on behalf of the Board of Directors and express opinions.

### **Article 19**

The Company shall prepare registry with the type, amount, date passed by the Board of Directors for the engagement of the transaction of derivative products and the items shall be carefully evaluated in accordance to the item 4 of the Articles 17, the item 2 of paragraph 1 of Article 18 and the item 1 of paragraphs, and publish in detail in registry.

The Company's internal auditors shall check the suitability of internal control of derivative transactions periodically and inspect monthly the compliance of the trading departments with the Procedures to Engage in the Transaction of Derivative Products in order to make the auditing report. If there are any severe breach matters, these shall be notified to each supervisor in writing.

### **Article 20**

Mergers, Splits, Acquisitions and Shares Transference

Prior to convening the Board of Directors for a resolution, the Company engaging in a merger, split, acquisition or share transference shall retain accountants, attorneys or securities underwriters for opinions on the reasonableness of the share conversion rates, acquisition price or the cash or other assets distributed to shareholders, and submit the opinions to the shareholders' meeting to discuss for approval.

### **Article 21**

Prior to convening the shareholders' meeting, the Company participating in a merger, split or acquisition shall prepare a public document addressed to the shareholders stating the significant stipulations of the merger, split or acquisition plan and related matters, and deliver it to the shareholders along with the expert opinions of the preceding Article and the notice of the shareholders' meeting to provide the shareholders with a basis of reference for deciding whether to agree to the merger, split or acquisition plan; however, not including conditions exempt from convening the shareholders' meeting for a resolution of matters of mergers, splits or acquisitions pursuant to other laws.

If the shareholders' meeting of any Company (including the Company) participating in the merger, split or acquisition is unable to convene or to pass such a resolution because of inability to achieve a quorum or sufficient voting shares or because of other legal restrictions, or the plan is rejected by the shareholders' meeting, the Company shall immediately make a public announcement of the reasons for such occurrence, the follow-up measures to be taken, and the anticipated date for convening of the shareholders' meeting(s).

### **Article 22**

Except provided by laws or under special circumstances where advance permission has been

obtained from the SFC, the Company shall convene the board meetings and shareholders' meetings and pass resolutions regarding merger, split or acquisition and relevant matters on the same day along with other participating companies in the merger, split, acquisition or share transference.

### **Article 23**

All persons participating in or knowing of the Company merger, split, acquisition or share transference plan shall submit a written undertaking of nondisclosure. Prior to public disclosure of the merger, split, acquisition or share transference information, such persons may not externally divulge any content of the merger, split, acquisition or share transference plan, nor may they purchase and sell in their own capacity or in the name of another person any shares, and any other equity securities of any Company connected with the merger, split, acquisition or share transference plan.

### **Article 24**

In the Company's participating in a merger, split, acquisition or share transference, the share conversion rates or the acquisition price may not be arbitrarily changed except conditions provided below, and conditions for change shall be provided in the merger, split, acquisition or share transference contract:

1. Cash capital increase, issuance of convertible corporate bonds, distribution of stock dividends, and issuance of corporate bonds with warrants, preferred shares with warrants, subscription warrants, and other equity securities.
2. Acts affecting Company finances or operations, such as disposal of major assets.
3. Occurrence of major disasters, major technological transformations, or other events affecting Company shareholder equity or Company securities prices.
4. Adjustment of treasury shares duly redeemed by any Company participating in the merger, split, acquisition or share transference.
5. Increase, decrease, or change in the entities, or number thereof, participating in the merger, split, acquisition or share transference.
6. Other conditions for change have been provided in the contract and publicly disclosed.

### **Article 25**

In the Company's participating in a merger, split, acquisition or share transference, the contract shall specify the rights and obligations of the companies participating in the merger, split, acquisition or share transference and shall also specify the following particulars:

1. Handling of breach of agreement.
2. Principles for handling of equity securities already issued by, or treasury stock already redeemed by, the Company(ies) extinguished in the merger of the split Company.
3. The quantity of treasury stock that a participating Company may redeem after the record

date of calculation of the share conversion ratio, and relevant handling principles.

4. The handling methods of which there is an increase, decrease, or change in the entities, or number thereof, participating.
5. The scheduled timetable for execution of the plan, and scheduled timeframe for completion.
6. The relevant procedures for handling failure to complete within such timeframe, such as the anticipated date for convening of the shareholders' meeting(s) pursuant to laws.

#### **Article 26**

Following public disclosure of information about the Company's participating in merger, split, acquisition or share transference, if the Company has an intention to undergo a further merger, split, acquisition or share transference with another Company, any procedures or legal actions already carried out by the Company under the original merger, split, acquisition or share transference plan shall be carried out anew except conditions that the number of the participating companies decreases and the companies' shareholders' meeting has made a resolution and authorized the Board of Directors the right for modification, the Company is exempt from convening the shareholders' meeting for another resolution.

#### **Article 27**

If the companies participating in the merger, split, acquisition or share transference are categorized as non-public companies, the Company shall enter into an agreement with them in accordance to provisions provided by the Articles 22, 23 and 26.

#### **Article 28**

Other Items

1. Matters not provided herein shall be governed by the relevant laws and regulations and the relevant regulations of the Company. If the Procedures of Acquisition or Disposition of Assets in the original order are amended by the competent authority, the Company shall apply the provisions in the new order.
2. When the Procedures are submitted to the Board of Directors for discussion, the board shall fully take each independent director's opinions into consideration and record each director's opinions and reasons for the pros and cons in the minutes.
3. The Procedures shall be approved by the Board of Directors, submitted to each supervisor and reported to the shareholders' meeting for approval. The same procedures shall apply with any amendment.
4. The Company's matters shall be approved by the Board of Directors pursuant to these Procedures or other laws. If a director holds dissenting opinions of Company's matters and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to each supervisor.

5. When the Company report the transaction of acquisition or disposition of assets pursuant to the preceding paragraph to the Board of Directors for discussion, the board shall fully take each independent director's opinions into consideration and record each director's opinions and reasons for the pros and cons in the minutes.
6. Another stricter management principles may be drafted by the chairman of the board in accordance to this operational procedures and be effective after approved by the Board of Directors with two-thirds vote at a meeting attended by more than two-thirds of the directors. The same procedures shall apply with any amendment.

**Article 29**

The Procedures were enacted on May 7, 2002

The 1<sup>st</sup> amendment was made on June 17, 2003

## Appendix 9

### Wistron Corporation

#### The information of Directors and their juristic persons' representatives regarding the non-competition clause in the investment business in the Mainland Area

Name and title of the director with permission to engage in competitive conduct	Items of competitive conduct in which the director is permitted to engage	Period of permission to engage in the competitive conduct	Company name of the mainland China area enterprise and the officer's position in the enterprise	Business items of the mainland China area enterprise	Degree of effect on the Company's finances and business
Simon Lin Chairman	That it does not hurt the Company's interests.	From the date of being elected of the aforementioned directors.	Wistron InfoComm (Zhongshan) Corporation/ Chairman	Manufacture of desktop PC systems, motherboards, set-top box etc	The Company owns 100% of shares and thus recognizes investment gain or loss using equity method.
			Wistron InfoComm (Kunshan) Co., Ltd./ Chairman	Sales and manufacturing of desktop and notebook	
			Wistron InfoComm Technology (Kunshan) Co., Ltd./ Chairman	Sales and manufacturing of desktop and notebook	
			Wistron InfoComm Manufacturing (Kunshan) Co., Ltd./ Chairman	Sales and manufacturing of desktop and notebook	
Robert Huang Director			Wistron InfoComm (Kunshan) Co., Ltd./ Director	Sales and manufacturing of desktop and notebook	The Company owns 100% of shares and thus recognizes investment gain or loss using equity method.
			Wistron InfoComm Technology (Kunshan) Co., Ltd./ Director	Sales and manufacturing of desktop and notebook	
			Wistron InfoComm Manufacturing (Kunshan) Co., Ltd./ Director	Sales and manufacturing of desktop and notebook	

<b>Name and title of the director with permission to engage in competitive conduct</b>	<b>Items of competitive conduct in which the director is permitted to engage</b>	<b>Period of permission to engage in the competitive conduct</b>	<b>Company name of the mainland China area enterprise and the officer's position in the enterprise</b>	<b>Business items of the mainland China area enterprise</b>	<b>Degree of effect on the Company's finances and business</b>
			WIS PRECISION (Kunshan) Co., Ltd./ Chairman	Sales and manufacturing of computer case and model	The Company owns 30% of shares and thus recognizes investment gain or loss using equity method.
Haydn Hsieh Director			Wistron NeWeb (Kunshan) Corporation/ Chairman	Sales and manufacturing of satellite communication and portable communication products	None
			WNC (Kunshan) Corporation/ Chairman	Sales and manufacturing of satellite communication and portable communication products	None
			WebCom Communication (Kunshan) Corporation/ Director	Sales and manufacturing of satellite communication and portable communication products	None
Legal representative of Acer Inc.: William Lu Director			N.A.	N.A.	N.A.
Stan Shih Director			N.A.	N.A.	N.A.
John Hsuan Director			N.A.	N.A.	N.A.
Michael Tsai Director			N.A.	N.A.	N.A.

## **Appendix 10**

### **Shares Held by Directors and Supervisors as of April 23, 2007**

#### **Directors**

Name of Director	Legal Representative	Number of Shares
Simon Lin (Hsien-Ming Lin)		15,823,776
Stan Shih (Chen-Jung Shih)		1,693,781
Haydn Hsieh (Hong-Po Hsieh)		899,223
Acer Inc.	William Lu (Hung-I Lu)	111,343,361
John Hsuan (Min-Chih Hsuan)		0
Michael Tsai (Kuo-Chih Tsai)		0
Robert Huang (Po-Tuan Huang)		1,041,335
<b>TOTAL</b>		<b>130,801,476</b>

#### **Supervisors**

Name of Supervisor	Legal Representative	Number of Shares
Acer Inc.	Philip Peng (Chin-Bing Peng)	111,343,361
Victor C.J. Cheng (Chung-Jen Cheng)		0
<b>TOTAL</b>		<b>111,343,361</b>

The current paid-in capital for shares in the Company is 1,272,356,836 shares. The Company's directors hold at least 50,894,273 shares and the Company's supervisors hold at least of 5,089,427 shares, and such holdings comply with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

**NOTE: The English version of this document has been prepared for the convenience of the readers, and in the event of any discrepancy between the Chinese and English versions hereof, the Chinese version shall govern.**