

Wistron Corporation

2019 Annual General Shareholders' Meeting Meeting Agenda

<http://www.wistron.com> Held on Date June 12, 2019



DISCLAIMER

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Wistron Corporation
Rules and Procedures of Shareholders' Meeting

- Article 1 The Shareholders' Meeting (the "Meeting") of Wistron Corporation ("Wistron") shall be conducted in accordance with these Rules and Procedures.
- Article 2 The Company shall be set forth in the meeting notice the shareholder sign-in time, location of the meeting and other precautions.
- The shareholder sign-in time should be at least thirty minutes prior to the start of the meeting; the reception post should be clearly marked and adequately qualified personnel sent to handle the sign-in.
- Shareholders attending the Meeting shall sign in. The sign-in procedure is performed by submitting an attendance card. The number of shares represented by attending shareholders shall be calculated in accordance with the attendance card submitted by shareholders, plus the shares voted in writing or electronically.
- Shareholders or their proxies (hereinafter referred to as "shareholders") with an attendance card shall be allowed to attend the Meeting; registered proxy solicitors shall also bring identification documents for verification.
- Article 3 The presence of shareholders at the Meeting and their voting at the Meeting shall be calculated in accordance with the number of shares.
- Article 4 The Meeting shall be held at the domicile of Wistron or at any other appropriate place that is convenient for the presence of shareholders. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
- Article 5 If the Meeting is called by the Board of Directors ("BOD"), the Board's Chairman shall preside at the Meeting. In case the Chairman is on leave of absence, or cannot exercise his powers and authority, the Vice Chairman shall act in his place. If there is no Vice Chairman, or the Vice Chairman is also on leave of absence, or cannot exercise his powers and authority, the Chairman shall designate a director to act in his place. If the Chairman does not designate a director, the directors shall elect one from among themselves to act in lieu of the Chairman. The director acting as Chairman of the Meeting shall have held office for more than six months and understand the financial and business conditions of the Company, likewise if the acting Chairman is a representative of a juristic person. If the Meeting is called by any person other than the BOD, who has the right to call the Meeting, said person shall preside at that Meeting.
- Article 6 Wistron may appoint designated counsel, CPA or other related persons to attend the Meeting.
- Article 7 The Company shall record the proceedings of the Meeting entirely in audio or video from the shareholders' sign-in through the meeting discussions and the vote counting process; this recording shall be continuous and uninterrupted and the Company shall retain the recording for at least one year. However, if a shareholder lawsuit has been instituted in accordance with Article 189 of the Company Act, the proceedings of the meeting shall be preserved by the Company until the legal proceedings of the lawsuit have been concluded.

- Article 8 The Chairman shall call the Meeting to order at the time scheduled for the Meeting, provided, however, that if the shareholders present do not represent a majority of the total number of issued shares (“quorum”), the Chairman may postpone the Meeting, provided, however, that the postponement of the Meeting shall be limited to two times, and the total time of the overall postponement shall not exceed one hour. If the Meeting has been postponed twice, but the shareholders present still do not represent a quorum, a tentative resolution may be adopted by shareholders representing one-third of the total amount of issued shares, in accordance with Paragraph 1 of Article 175 of the Company Act. Before the close of the Meeting, if the shareholders present represent a quorum, the Chairman may present the tentative resolution so adopted to the Meeting for resolution in accordance with the provisions of Article 174 of the Company Act.
- Article 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 may not 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.
- Article 10 A shareholder wishing to speak at the Meeting shall first fill out a slip, specifying therein the major points of his speech, his serial number as a shareholder and his name, and the Chairman shall determine his order of giving a speech. A shareholder who submits his slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his speech shall be different from those specified on the slip, the contents of his speech shall prevail. When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the Chairman and the said shareholder, and the Chairman shall prevent others from interrupting.
- Article 11 A shareholder shall not speak more than two times for one motion, unless he has obtained the prior consent from the Chairman, and each speech shall not exceed 5 minutes. If a shareholder violates the above provisions or his speech exceeds the scope of the motion, the Chairman may prevent him from continuing.
- Article 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 a corporate shareholder designates two or more representatives to attend the Meeting, only one of the representatives so designated may speak on any one motion.
- Article 13 After a shareholder has given a speech, the Chairman may respond personally or designate a relevant person to respond.
- Article 14 When the Chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.
- Article 15 The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the Chairman, provided, however, that the person supervising the casting of votes shall be a shareholder. Voting counting or election

ballots shall be conducted in public at the place of the Shareholders' Meeting. After the completion of the vote count, the voting results shall be announced on the spot, including the shares voted by Shareholders and recorded in the meeting minutes.

In addition, in the case of the election of directors and independent directors, the Company shall announce the election results, including the number of directors elected and the number of ballots received by each.

- Article 16 Except otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.
- Article 17 If there is an 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. The shareholders who voted in writing or electronically shall be deemed to have waived his/her/its voting power with respect to any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said Shareholders' Meeting.
- Article 18 The Chairman may direct disciplinary personnel (or security personnel) to maintain the order of the Meeting. For doing so they shall wear a badge bearing the words of "disciplinary personnel."
- Article 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 within five days without further notice or public announcement.
- Article 20 Any matter not provided in these Rules and Procedures shall be handled in accordance with the Company Act and the Article of Incorporation of Wistron.
- Article 21 This Procedure was enacted on June 7, 2002.
The 1st amendment was made on June 21, 2012.
The 2nd amendment was made on June 14, 2013.

Meeting Procedures

- (1) Declaration of the Commencement of the Meeting
- (2) The Chairman in Position
- (3) Opening Remarks by the Chairman
- (4) Report Items
- (5) Ratification Items and Discussion Items

Note: After discussions on all ratification and discussion items are completed, every item shall be voted by ballot and tallied separately and simultaneously.

- (6) Extemporary Motion
- (7) Adjournment

Meeting Agenda

Time: 9:00a.m., June 12, 2019

Venue: Chang Yung-Fa Foundation International Convention Center
(No. 11, Zhongshan S. Rd., Zhongzheng Dist., Taipei City, Taiwan, R.O.C.)

I. Report Items

1. Report the business of 2018.
2. Audit Committee's Review Report.
3. Report the compensation for employees and directors of 2018.
4. Report the amendments to the "Rules and Procedures of Board of Directors Meeting."
5. Report the amendments to the "Codes of Ethical Conduct."

II. Ratification Items and Discussion Items

1. Ratification of the Business Report and Financial Statements of 2018.
2. Ratification of the proposal for distribution of 2018 profits.
3. Discussion of the issuance of new common shares for cash to sponsor the issuance of GDR and/or the issuance of new common shares for cash through public offering and/or the issuance of new common shares for cash through private placement and/or the issuance of new common shares for cash to sponsor the issuance of GDR through private placement.
4. Discussion of amendments to the "Articles of Incorporation."
5. Discussion of amendments to the "Procedures of Asset Acquisition and Disposal."
6. Discussion of amendments to the "Procedures Governing Loaning of Funds."
7. Discussion of amendments to the "Procedures Governing Endorsements and Guarantees."

III. Extemporaneous Motions

IV. Adjournment

Report Items

1. Business Report of 2018. (Please refer to Appendix 1, pages 19-21)
2. Audit Committee's Review Report. (Please refer to Appendix 2, page 38)
3. Report the compensation for employees and directors of 2018.

Description:

- (1) According to Article 16 of the "Articles of Incorporation":

If the Company has profit as a result of the yearly accounting closing (profit means the profit before tax, excluding the amounts of employees' and directors' compensation), such profit will be distributed in accordance with the following, once the Company's accumulated losses shall have been covered:

- A. No less than five percent (5%) of profit as employees' compensation. The Company may distribute in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive compensation shall be determined by the Board of Directors.
- B. No more than one percent (1%) of profit as the compensation in cash to the Directors.

- (2) The Company's 4th term 5th Compensation Committee Meeting and 2nd Board Meeting of 2019 resolved the employees' and directors' compensation of 2018 in accordance with the "Articles of Incorporation."

- A. The employees' compensation was NT\$700,154,330, distributed in cash.
- B. The directors' compensation was NT\$46,210,190, distributed in cash.

4. Report of amendments to the "Rules and Procedures of Board of Directors Meeting"

Description:

In order to comply with government rules and regulations and to meet the operational needs, the Company approved amendments to the "Rules and Procedures of Board of Directors Meeting" at the 2nd board meeting of 2019. Please refer to Appendix 3, pages 39-41 for the comparison between the original and the amendments, and Appendix 4, pages 42-48 for the amended version.

5. Report of amendments to the “Codes of Ethical Conduct”

Description:

In order to meet operational needs, the Company approved amendments to the “Codes of Ethical Conduct” at the 9th board meeting of 2018. Please refer to Appendix 5, pages 49 for the comparison between the original and the amendments, and Appendix 6, pages 50-55 for the amended version.

Ratification Items and Discussion Items

ITEM 1: Ratification of the Business Report and Financial Statements of 2018

Proposal: Submission (by the BOD) of the Company's 2018 business report and financial statements for ratification.

Details:

1. The Company's business report and financial statements for 2018 (Appendix 1: including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows), which have all been adopted by the BOD with resolution and examined by the Audit Committee, and are hereby submitted for ratification. (Please refer to Appendix 1, pages 19-37.)
2. Submission for ratification.

ITEM 2: Ratification of the proposal for distribution of 2018 profits

Proposal: Submission (by the BOD) of the proposal for 2018 earnings distribution for ratification.

Details:

1. The unappropriated retained earnings at the beginning of 2018 is NT\$5,326,348,352, after deducting remeasurements of defined benefit obligation of NT\$118,682,370 and treasury stock transactions of NT\$152,908,088 and changes in ownership interests in subsidiaries of NT\$150,701,477 and disposal of investments in equity instruments designated at fair value through other comprehensive income of NT\$122,127,184, then adding up effect of adoption of IFRSs 9 of NT\$641,116,951 and changes in equity of associates accounted for using equity method of NT\$378,776 and the 2018 net profit of NT\$4,908,471,903 and deducting the legal reserve of NT\$490,847,190 and special reserve of NT\$117,979,026, therefore the total amount of retained earnings available for distribution is NT\$9,723,070,647. The dividends and bonus proposed to be allocated to the shareholders amount to NT\$4,226,639,925 in cash dividend (NT\$1.5 per share).
2. After the adoption of the resolution at the Shareholders' Meeting, the power with respect to setting the ex-dividend date and other relevant matters is reserved for the Chairman.
3. In the event that, before the ex-dividend date, the proposed earnings distribution plan is affected due to the revisions to relevant laws or regulations, or upon the request of the competent authorities, or the change to the Company's common shares (i.e. repurchasing the Company's shares for transfer or cancellation, unsecured convertible bonds converting into common shares, capital increase by cash and capital increase by issuance of GDR etc.), which results in changes in shareholders' allotment of cash dividend, the Chairman is to be authorized to make necessary adjustments at its full discretion.
4. Please refer to Appendix 7, page 56 for the Profit Appropriation Statement for 2018.
5. Submission for ratification.

ITEM 3: Discussion of the issuance of new common shares for cash to sponsor the issuance of GDR and/or the issuance of new common shares for cash through public offering and/or the issuance of new common shares for cash through private placement and/or the issuance of new common shares for cash to sponsor the issuance of GDR through private placement.

Proposal: Submission (by the BOD) of a proposal to approve the issuance of new common shares to sponsor the issuance of GDR, the issuance of new common shares through public offering, the issuance of new common shares through private placement and/or the issuance of new common shares to sponsor the issuance of GDR through private placement of up to 260 million common shares for capital increase in order to purchase overseas materials, or increase working capital, or repay bank loans or other needs for its future development and competitiveness enhancement.

Details:

1. Fund raising purpose and size:

For the purpose of fulfilling the funding needs of the Company to purchase overseas materials, or increase working capital, or repay bank loans or other needs for its future development and competitiveness enhancement, it is proposed to authorize the Board of Directors to issue up to 260 million common shares, depending on the market conditions and the Company's need, to choose appropriate timing and fund raising methods in accordance with the applicable laws and regulations, according to the following fund raising method and handling principles.

2. Fund raising methods and handling principles:

(1) Issuance of new common shares for cash to sponsor issuance of GDR

A. In accordance with the existing provisions of the "Disciplinary Rules for Securities Underwriters Assisting Issuing Company in the Offering and Issuance of Securities issued by the Taiwan Securities Association," the issue price of the new common shares for cash capital increase for the issuance of GDR may not be lower than the closing price of the Company's common shares on the Taiwan Stock Exchange or 90% of the average closing price of the common shares of the Company in one, three, or five business days prior to the pricing date after adjustment for any distribution of stock and cash dividends or capital reduction. In case of any changes to the relevant domestic laws, the pricing method shall be adjusted accordingly. In view of the severe short-term fluctuations in domestic market price, it is proposed to authorize the Chair to determine the final issue price, within the scope of the said requirement under the Disciplinary Rules, after negotiation with the lead underwriter depending on international capital markets, domestic market price and the overall book building situations, to improve the subscription of international investors, so the pricing method should be reasonable.

B. Upon the limit of 260 million common shares for the issuance of GDR through the issuance of new common shares by capital increase, the original shareholders' equity will be diluted by a maximum of 8.38%. The implementation of the

fundraising plan will enhance the Company's competitiveness and benefit the shareholders; the determination of the issue price of the GDRs will be based on the fair trading price of common shares formed in the domestic market. Existing shareholders may still be able to purchase common stock in domestic stock market at the price closing to the issue price of GDR without bearing the exchange risks and liquidity risks, and may take into account their interests.

- C. Except for 10% to 15% of new common shares shall be allocated for the employees' subscription in accordance with applicable law, it is proposed for the shareholders meeting to approve that the rights to the remaining 85% to 90% of the issuance shall be waived by the shareholders and shall be offered to the public under Article 28-1 of Securities and Exchange Act as the underlying shares of GDR to be sold. It is proposed to authorize the Chairman, depending on the market needs, to allot the new common shares not subscribed by employees of the Company as underlying shares of GDR.

(2) Issuance of new common shares for cash in public offering

It is proposed to authorize the Board of Directors to issue up to 260 million common shares and the par value of the new common shares to be issued per share is NT\$10. It is also proposed to authorize the Board of Directors to choose either of the following methods to sell the new shares via public offering through the underwriter(s):

A. By book-building

- a. Except for the 10% to 15% of the new shares which must be offered to employees in accordance with Article 267, Paragraph 1 of the Company Act, the remaining 85% to 90% of the shares will be proposed to the shareholders meeting to approve that the pre-emptive rights to subscribe to the remaining shares to be waived by the shareholders in accordance with Article 28-1 of the Securities and Exchange Act and such remaining shares will be offered to the public via book building and will comply with "Taiwan Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms." It is proposed that any new common shares not subscribed by employees of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.
- b. According to the "Self-Disciplinary Rules for Securities Underwriters Assistant Issuing Company to Subscribe and Issue Marketable Securities," the issuing price of new common shares shall not be lower than 90% of the simple arithmetic mean of the share's closing price one, three, or five business days prior to the pricing date after adjustment for any distribution of stock and cash dividends or capital reduction. The Board of Directors authorizes the Chairman to determine the final issue price with the underwriter(s) based on the overall book building situation and market conditions.

B. By public subscription

- a. Except for the 10% to 15% of the new shares which must be offered to employees in accordance with Article 267, Paragraph 1 of the Company Act, it is proposed that 10% of the new shares will be sold to the public through the underwriter(s) and the remaining 75% to 80% of the shares will be subscribed to by the existing shareholders of the Company in accordance with their shareholding. It is proposed that any new common shares not subscribed by

employees and existing shareholders of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.

- b. According to the “Self-Disciplinary Rules for Securities Underwriters Assistant Issuing Company to Subscribe and Issue Marketable Securities,” the issuing price of new common shares shall not be lower than 70% of the simple arithmetic mean of the share’s closing price one, three, or five business days prior to the pricing date after adjustment for any distribution of stock and cash dividends or capital reduction. The Board of Directors authorized Chairman to determine the final issue price with the underwriter(s) based on relevant laws, regulations and market conditions.
- (3) Issuance of new common shares for cash in private placement and/or issuance of new common shares for cash to sponsor issuance of GDR in private placement
- A. The basis and rationale to determine the private placement price:
 - a. The common stock price per share shall be set at no less than 80% of the reference price. The reference price is set as the higher of the following two basis prices:
 - (i) The simple average closing price of the common shares of the Company for either the one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
 - (ii) The simple average closing price of the common shares of the Company for the thirty business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
 - b. The pricing date, actual reference price, theoretical price, and actual issuance price are proposed to be authorized to the Board of Directors to determine within the range approved by the shareholders meeting, after taking into consideration the market status, objective conditions, and qualification of specific parties. Considering that the Securities and Exchange Act has set the restrictions on transfers of the privately placed securities for three full years, the price determination above shall be reasonable.
 - B. The method to determine specific parties:

The strategic investors have the priority to be considered as specific parties for private placement if they may being qualified for the rules in Article 43-6, Securities and Exchange Act and other letters from government authorities and should also have direct or indirect benefit to the Company, and can recognize the Company’s operating strategy. The company currently has not arranged the specific parties. It is proposed to authorize the Company’s Board of Directors to determine the specific parties for private placement.
 - C. The necessity of private placement:
 - a. The Company plans to invite strategic investors and strengthen competitiveness through private placement. Because of the restrictions on transfers for three full years, it is better to maintain a long-term relationship with strategic partners by such security issuance of private placement. And also considering the effectiveness and feasibility to raise capital, the Company proposes to raise capital through private placement, rather than public offering.
 - b. The amount of the private placement: up to 260 million common shares
 - c. The use of proceeds and projected benefits of private placement: The Company

plans to do private placement at one time or several times (no more than 3 times) based on market conditions and specific parties. The capital raised will be used to purchase overseas materials, or increase working capital, or repay bank borrowings or other needs for its future development. The private placement will expand the scale of operations and invite strategic investors and will strengthen our competitiveness, upgrade operating efficiency, and reinforce financial structure, which can benefit shareholders' equity.

3. Use of proceeds, schedule and projected benefit:
The Company plans to use the fund raising from capital increase to purchase overseas materials, or increase working capital, or repay bank borrowings or other needs for its future development. The fund raising plan will strengthen our competitiveness, upgrade operating efficiency, and reinforce financial structure, which can benefit shareholders' equity.
4. It is proposed to authorize the Board of Directors to determine, proceed or revise the issuance plan of new common shares to be issued to sponsor the GDR and the new common shares to be issued in public offering, new common shares in private placement and/or new common shares to sponsor issuance of GDR in private placement, including issue price, shares, terms and conditions, plan items, amount, record date, projected progresses and benefits, and any other item related to the issuance plan, based on market conditions. It is also proposed to authorize the Board of Directors to revise the issuance plan based on operation evaluation, environment changes or if receiving instructions from governmental authorities.
5. The new common shares to be issued to sponsor issuance of GDR, the new common shares to be issued in public offering, the new common shares in private placement and/or the new common shares to sponsor issuance of GDR in private placement will be issued in scripless form. However the new common shares in private placement and the new common shares to sponsor issuance of GDR are subject to the selling restrictions within three years after the delivery date under Article 43-8 of the Securities and Exchange Act, the new common shares to be issued to sponsor the GDR and the new common shares to be issued in public offering, new common shares in private placement and new common shares to sponsor issuance of GDR in private placement will have the same rights and obligations as the Company's existing issued and outstanding common shares.
6. It is proposed to authorize the Chairman or the Chairman's designee, on behalf of the Company, to handle all matters relating to, and sign all agreements and documents in connection with, issuance of new common shares to sponsor issuance of GDR and/or issuance of new common shares in public offering and/or issuance of new common shares in private placement and/or issuance of new common shares to sponsor issuance of GDR in private placement.
7. The Board is authorized to handle all matters which are not addressed herein in accordance with the applicable laws and regulations.
8. Please discuss.

ITEM 4: Discussion of amendments to the “Articles of Incorporation”

Proposal: Submission (by the BOD) of a proposal to amend certain parts of the Company’s “Articles of Incorporation.”

Details:

1. In order to comply with government rules and regulations and the operational needs of the Company, it is proposed to make amendments to the “Articles of Incorporation.” (Please refer to Appendix 8, pages 57-58 for the comparison between the original and the amendments).
2. Please discuss.

ITEM 5: Discussion of amendments to the “Procedures of Asset Acquisition and Disposal”

Proposal: Submission (by the BOD) of a proposal to amend certain parts of the Company’s “Procedures of Asset Acquisition and Disposal.”

Details:

1. In order to comply with government rules and regulations, it is proposed to make amendments to the “Procedures of Asset Acquisition and Disposal.” (Please refer to Appendix 10, pages 66-82 for the comparison between the original and the amendments).
2. Please discuss.

ITEM 6: Discussion of amendments to the “Procedures Governing Loaning of Funds”

Proposal: Submission (by the BOD) of a proposal to amend certain parts of the Company’s “Procedures Governing Loaning of Funds.”

Details:

1. In order to comply with government rules and regulations and the operational needs of the Company, it is proposed to make amendments to the “Procedures Governing Loaning of Funds.” (Please refer to Appendix 12, pages 101-103 for the comparison between the original and the amendments).
2. Please discuss.

ITEM 7: Discussion of amendments to the “Procedures Governing Endorsements and Guarantees”

Proposal: Submission (by the BOD) of a proposal to amend certain parts of the Company’s “Procedures Governing Endorsements and Guarantees.”

Details:

1. In order to comply with government rules and regulations and the operational needs of the Company, it is proposed to make amendments to the “Procedures Governing Endorsements and Guarantees.” (Please refer to Appendix 14, pages 109-111 for the comparison between the original and the amendments).
2. Please discuss.

Voting by Poll

Extemporary Motion

Adjournment

Appendix 1

Wistron Corporation Business Report

With various issues including U.S.-China trade war, extreme weather, and cyber-attacks, 2018 was a year of changes and challenges which greatly influenced the company's operations. However, Wistron continued optimizing our customer and product portfolio, deepening our digital transformation to improve internal operational efficiency. The company also worked closely with supply chain partners, resulting in annual revenue growth slightly better than the previous year.

I would hereby like to report our 2018 business results, 2019 strategic business focus and outlook for Wistron's future directions as follows:

2018 Financial and Operation Results

Wistron's consolidated revenue reached NT\$889.5 billion in 2018, an increase of 6.4% from the previous year, with a gross margin of 4.2% and consolidated operating profit was NT\$10.766 billion. The consolidated profit before tax was NT\$9.659 billion and profit attributable to Owners of the Company was NT\$4.908 billion. Meanwhile, the earnings per share was NT\$1.76.

In 2018, Wistron's key growth drivers were data center, internet phone, desktop, and components module businesses, while other product lines maintained the same level or a slight decline compared with the previous year.

While pursuing growth and financial performance, Wistron is also dedicated to improving corporate governance as a top priority, devoting efforts to corporate sustainability and fulfilling social responsibilities.

In addition to strengthening our internal control and auditing, we are committed to complying with environmental and energy regulations that are associated with our activities, products, and services, as well as customer requirements to reduce the impact of our operations on the environment.

Recently, with frequent reports of major information security incidents, we examined our own security protection systems, elevating our colleagues' awareness of information security and implementing related tests and practices. In addition, we actively strengthened self-protection systems and quick emergency response capabilities.

In the meanwhile, in response to the EU's General Data Protection Regulation officially launched in May 2018, we also invited external experts to conduct various assessments (organizations, systems, procedures, safety management measures, etc.). We prioritized the action items and invested resources for improvements.

2019 Business and Operation Focus

The Company's organization is adjusted to enhance the efficiency and agility of operations, to accelerate digital transformation for continuously providing high-quality service and satisfaction to customers, and to promote and cultivate the talents within our organization. The new organization is (1) Wistron Technologies, (2) Wistron Smart Devices, and (3) Growth Incubator.

Wistron Technologies will focus on personal computers, display products, servers, internet phones, and after-sales services. In order to optimize core competitiveness, Wistron Technologies will aim to pursue profitable growth while continuously adjusting customer and product portfolios, improving operational efficiency, and increasing capacity utilization.

To expand into the innovative market segments of IoT and smart home, Wistron Smart Devices will focus on providing smart IoT devices, solution services, and CEM services, including vertical industrial handheld device, smart audio, smart phone, smart accessory, and display components.

For Growth Incubator, we expect to establish our intelligent solutions through building platforms and micro-services with big data application and artificial intelligence technology. Wistron Medical Technology Corporation will focus on medical device manufacturing, medical AI, and big data services. Wiedu Corporation provides school and business digital education and training services. Wiadvance Corporation provides enterprise cloud services and smart manufacturing services.

In addition, the primary goal of Wistron's digital transformation initiative is to establish high-performance teams and achieve healthy business growth of our businesses. We will continue to accelerate the digital operation improvement initiatives, including the enhancement of Industry 4.0 capabilities, further improving R&D efficiency and strengthening the competitiveness of smart manufacturing.

Outlook for the Future

Looking ahead, the world is no doubt in a state of turmoil. Global economic growth may slow and will be uncertain, resulting from various geopolitical and trade disputes.

In addition to maintaining the core competitiveness of products and services, the company will reduce the impact of market uncertainties by adopting more flexible implementation of our business processes across our design, production and supply chain operations. In the meanwhile, to cope with trade wars with corresponding risk management, we will also enhance the distribution and balance of our global operation sites.

With the wave of intelligence gathering and utilization, enterprise management must move from digital to intelligent operation mode. As we are strengthening our company DNA, culture, and vision, we can improve in areas such as quality, efficiency, and costs so that the company has the ability to build more energy and undertake greater economic growth in the future.

While confronting global market changes, Wistron will continue to develop corporate sustainability with the philosophy of altruism and the corporate vision of being “the technology powerhouse for better life and environment.”

Finally, I would like to thank all shareholders for your support and attention over the years. Incorporating the corporate culture and core values, the management team and all employees of the company will continue to create maximum value for shareholders based on the execution attitude of “Think Great and Act Smart.”

Chairman: Simon Lin President: Robert Hwang Controller: Stone Shih



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Wistron Corporation:

Opinion

We have audited the parent company only financial statements of Wistron Corporation ("the Company"), which comprise the balance sheets as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Provision of sales return and allowance (refund liability)

Please refer to Note 4(q), Note 5(a), and Note 6(u) of the parent company only financial statements.

Description of key audit matter

Provision of sales return and allowance (refund liability) is one of the key judgmental areas for our audit, particularly in respect of the estimates made for rebates, chargebacks and returns under contractual requirements which valued sales return and allowance.



How the matter was addressed in our audit

Our principal audit procedures included testing the Company's controls surrounding the revenue recognition for key manual and systems based controls, tracing general ledger to sales systems and reconciling their differences, as well as assessing the appropriateness in applying accounting policies to revenue recognition process. Also, in respect of the accrual for rebates and returns, our audit involved testing the key management controls over the claims and credits. In order to assess the reasonableness of the estimates for such accruals, we considered the appropriateness of the calculation, imputed parameters, key assumptions, and the historical experience.

2. Inventory valuation

Please refer to Note 4(g), Note 5(b), and Note 6(h).

Description of key audit matter

Inventories are stated at the lower of cost or net realizable value. The rapid development of technology and the advance of new electronic products can have a significant impact on market demand, which may lead to product obsolescence that will affect the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as another key audit matter.

How the matter was addressed in our audit

In relation to the key audit matter above, our audit procedures included selecting samples to examine their net realizable values to verify the accuracy of inventory aging report; evaluating the reasonableness of the Company's inventory valuation policy and the management's assumption used when measuring allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Company's historical accuracy of judgments with reference to inventory valuation and comparing them with the current year's calculation to evaluate the appropriateness of the estimation and assumption used for inventory valuation; and evaluating the adequacy of the Company's disclosure for inventories.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Chia-Hsin Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2019

Notes to Readers

The accompanying parent company only financial statements financial statements are intended only to present the parent company only financial statements statement of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese.)
WISTRON CORPORATION

Parent Company Only Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017		December 31, 2018		December 31, 2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets:								
1100 Cash and cash equivalents (note 6(g))	\$ 15,244,305	4	32,925,845	9	2100	\$ 34,434,687	10	49,100,421
1110 Current financial assets at fair value through profit or loss (note 6(b))	63,908	-	10,112	-	2120	74,336	-	218,195
1125 Current available-for-sale financial assets (note 6(d))	-	-	200,682	-	2130	1,219,899	-	-
1170 Notes and accounts receivable, net (note 6(f)(u))	70,492,726	19	48,381,604	13	2170	54,896,358	15	55,460,270
1180 Accounts receivable - related parties (notes 6(f)(u) and 7)	160,521,861	44	197,757,475	51	2180	153,757,872	42	181,780,665
1210 Other receivables - related parties (notes 6(g) and 7)	410,814	-	770,872	-	2220	7,045,748	2	1,921,710
1220 Current tax assets	717,038	-	656,953	-	2250	-	-	1,749,862
130X Inventories (note 6(h))	12,312,926	4	17,244,038	5	2322	-	-	8,133,960
1470 Other current assets (notes 6(f)(g)(l))	12,962,296	4	9,570,306	2	2365	4,917,958	1	-
Total current assets	<u>272,726,574</u>	<u>75</u>	<u>307,517,887</u>	<u>80</u>	<u>2300</u>	<u>19,084,954</u>	<u>5</u>	<u>17,160,805</u>
Non-current assets:								
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	382,766	-	-	-		275,431,812	75	315,525,888
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	2,519,185	1	-	-		14,712,146	4	733,316
1523 Non-current available-for-sale financial assets (note 6(d))	-	-	2,114,393	1	2540	3,137,665	1	3,432,915
1543 Non-current financial assets carried at cost (note 6(e))	-	-	1,336,488	-	2600	2,123,989	1	1,672,657
1550 Equity - accounted investees (note 6(i))	78,951,951	22	66,523,303	17		19,973,800	6	5,838,888
1600 Property, plant and equipment (notes 6(j) and 7)	4,747,740	1	4,821,377	1		295,405,612	81	321,364,776
1780 Intangible asset (note 6(k))	941,498	-	897,455	-	3110	28,421,220	8	27,486,880
1840 Deferred tax asset (note 6(q))	3,822,855	1	3,023,263	1	3200	22,863,619	6	22,076,225
1900 Other non-current asset (notes 6(l) and 8)	258,240	-	254,984	-	3300	22,321,828	6	21,326,529
Total non-current assets	<u>91,624,235</u>	<u>25</u>	<u>78,973,263</u>	<u>20</u>	<u>3400</u>	<u>(4,128,234)</u>	<u>(1)</u>	<u>(4,010,255)</u>
Total assets	<u>\$ 364,350,809</u>	<u>100</u>	<u>\$ 386,491,150</u>	<u>100</u>	<u>3500</u>	<u>\$ 364,350,809</u>	<u>100</u>	<u>\$ 386,491,150</u>
Liabilities and Equity								
Current liabilities:								
Short-term loans (notes 6(m)(aa))								
Current financial liabilities at fair value through profit or loss (note 6(b))								
Current contract liabilities (note 6(u))								
Notes and accounts payable								
Accounts payable - related parties (note 7)								
Other payables - related parties (note 7)								
Provisions (note 6(n))								
Current portion of long-term loans (note 6(m))								
Current refund liability (note (v))								
Other current liabilities (note 6(n))								
Total current liabilities								
Non-current liabilities:								
Long-term loans (notes 6(m)(aa))								
Deferred tax liabilities (note 6(q))								
Other non-current liabilities (note 6(p))								
Total non-current liabilities								
Total liabilities								
Equity (notes 6(c)(g)(p)(s)):								
Capital stock								
Capital surplus								
Retained earnings								
Other equity interest								
Treasury shares								
Total equity								
Total liabilities and equity								

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese.)

WISTRON CORPORATION

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars , except for earnings per common share)

	2018		2017	
	Amount	%	Amount	%
4000 Net revenues (notes 6(n)(u)(v) and 7)	\$ 750,900,387	100	765,438,943	100
5000 Cost of sales (notes 6(h)(j)(k)(o)(p)(w), 7 and 12)	734,976,713	98	745,603,066	97
5900 Gross profit	15,923,674	2	19,835,876	3
5910 Unrealized profit from sales	(164,564)	-	(134,440)	-
5950 Net gross profit	15,759,110	2	19,701,436	3
6000 Operating expenses (notes 6(f)(j)(k)(o)(p)(w), 7 and 12):				
6100 Selling	2,627,029	-	2,579,863	-
6200 Administrative	2,222,854	-	2,192,499	-
6300 Research and development	11,171,040	2	11,531,810	2
Total operating expenses	16,020,923	2	16,304,172	2
6900 Operating income (loss)	(261,813)	-	3,397,264	1
7000 Non-operating income and expenses (notes 6(i)(l)(o)(v)(x), 7 and 12):				
7010 Other income	311,483	-	306,847	-
7020 Other gains and losses	1,142,002	-	430,094	-
7050 Finance costs	(3,050,803)	-	(1,682,720)	-
7070 Recognized share of subsidiaries, associates and joint ventures accounted for equity method	5,780,462	1	1,532,313	-
Total non-operating income and expenses	4,183,144	1	586,534	-
7900 Profit before tax	3,921,331	1	3,983,798	1
7950 Less: income tax expenses (benefit) (note 6(q))	(987,141)	-	98,282	-
Net profit	4,908,472	1	3,885,516	1
8300 Other comprehensive income (notes 6(i)(p)(q)(r)(x)):				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Losses on remeasurements of defined benefit plans	(160,648)	-	(71,738)	-
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(326,017)	-	-	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(552,356)	-	2,237	-
8349 Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(54,304)	-	(12,195)	-
	(984,717)	-	(57,306)	-
8360 Other components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	1,849,277	-	(4,456,411)	(1)
8362 Unrealized losses on valuation of available-for-sale financial assets	-	-	(716,022)	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(422,729)	-	353,668	-
8399 Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	20	-	(58,383)	-
	1,426,528	-	(4,760,382)	(1)
8300 Total other comprehensive income, net of tax	441,811	-	(4,817,688)	(1)
8500 Total comprehensive income	\$ 5,350,283	1	(932,172)	-
Earnings per share (in dollars) (note 6(f))				
9750 Basic earnings per share	\$ 1.76		1.44	
9850 Diluted earnings per share	\$ 1.73		1.41	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese.)
WISTRON CORPORATION

Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Capital stock			Retained earnings				Other equity interest				Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Other unearned compensation for restricted employee share of stock	Treasury shares		Total
Balance at January 1, 2017	\$ 26,503,165	21,353,585	7,295,015	-	14,049,157	21,344,172	1,201,427	-	(451,300)	(113,721)	(2,592,278)	67,245,050
Net profit	-	-	-	-	3,885,516	3,885,516	-	-	(817,990)	-	-	3,885,516
Other comprehensive income	-	-	-	-	(57,306)	(57,306)	(3,942,392)	-	-	-	-	(4,817,688)
Total comprehensive income	-	-	-	-	3,828,210	3,828,210	(3,942,392)	-	(817,990)	-	-	(932,172)
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	296,110	-	(296,110)	-	-	-	-	-	-	-
Cash dividends	760,542	-	-	-	(3,042,169)	(3,042,169)	-	-	-	-	-	(3,042,169)
Stock dividends	234,900	380,540	-	-	(760,542)	(760,542)	-	-	-	-	-	615,440
Changes in equity of associates and joint ventures accounted for using equity method	-	38,934	-	-	-	-	-	-	-	-	-	38,934
Treasury shares transferred to employees	-	(23,391)	-	-	(41,924)	(41,924)	-	-	-	-	839,273	773,958
Changes in ownership interests in subsidiaries	-	953	-	-	(2,904)	(2,904)	-	-	-	-	-	(1,951)
Share-based payment transactions	(11,727)	325,604	-	-	1,686	1,686	-	-	-	-	-	429,284
Balance at December 31, 2017	27,486,880	22,076,225	7,591,125	-	13,735,404	21,326,529	(2,740,965)	-	(1,269,290)	113,721	(1,753,005)	65,126,374
Effects of retrospective application	-	-	-	-	641,117	641,117	-	(2,069,890)	1,269,290	-	-	(159,483)
Balance at January 1, 2018 after adjustments	27,486,880	22,076,225	7,591,125	-	14,376,521	21,967,646	(2,740,965)	(2,069,890)	-	-	(1,753,005)	64,966,891
Net profit	-	-	-	-	4,908,472	4,908,472	-	-	-	-	-	4,908,472
Other comprehensive income	-	-	-	-	(118,683)	(118,683)	1,448,373	(887,879)	-	-	-	441,811
Total comprehensive income	-	-	-	-	4,789,789	4,789,789	1,448,373	(887,879)	-	-	-	560,494
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	388,552	-	(388,552)	-	-	-	-	-	-	-
Special reserve	-	-	-	4,010,255	(4,010,255)	-	-	-	-	-	-	-
Cash dividends	802,050	-	-	-	(3,208,199)	(3,208,199)	-	-	-	-	-	(3,208,199)
Stock dividends	301,402	409,906	-	-	(802,050)	(802,050)	-	-	-	-	-	711,308
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares retired	-	359,615	-	-	379	379	-	-	-	-	-	359,994
Treasury shares transferred to employees	(169,112)	(129,116)	-	-	(73,591)	(73,591)	-	-	-	-	-	371,819
Changes in ownership interests in subsidiaries	-	(7,186)	-	-	(79,317)	(79,317)	-	-	-	-	-	761,447
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	154,175	-	-	(150,702)	(150,702)	-	-	-	-	-	3,473
Balance at December 31, 2018	\$ 28,421,220	22,863,619	7,979,677	4,010,255	10,331,896	22,321,828	(1,292,592)	122,127	(2,835,642)	122,127	(553,236)	68,945,197

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese.)

WISTRON CORPORATION

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows used in operating activities:		
Profit before tax	\$ 3,921,331	3,983,798
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	392,397	1,092,762
Amortization expense	272,300	274,517
Expected credit loss / provision (reversal of provision) for bad debt expense	11,882	(43,095)
Net loss on financial assets or liabilities at fair value through profit or loss	45,797	443,290
Interest expense	3,050,803	1,682,720
Interest income	(105,172)	(98,522)
Dividend income	(145,125)	(132,225)
Compensation cost arising from share-based payments	-	427,935
Recognized share of associates and joint ventures accounted for equity method	(5,780,462)	(1,532,313)
Gain on disposal of property, plan and equipment	(439)	(422)
Property, plan and equipment reclassified as expenses	1,023	7
Other assets reclassified as expenses	2,395	3,285
Gain on disposal of investments	(5,887)	(288,310)
Unrealized profit from sales	164,564	134,440
Other investment loss	-	13,521
Impairment loss on assets	-	98,682
Total adjustments to reconcile profit	(2,095,924)	2,076,272
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable	(22,123,003)	4,121,960
Decrease (increase) in accounts receivable - related parties	37,235,614	(70,185,524)
Decrease (increase) in other receivable - related parties	(162,282)	47,266
Decrease (increase) in inventories	4,931,112	(6,479,280)
Increase in other current assets	(3,391,241)	(3,675,755)
Total changes in operating assets	16,490,200	(76,171,333)
Changes in operating liabilities:		
Decrease in current contract liabilities	(529,963)	-
Increase (decrease) in notes and accounts payable	(563,912)	5,075,272
Increase (decrease) in accounts payable - related parties	(28,022,793)	30,212,004
Increase in other payable - related parties	5,124,038	66,374
Decrease in provisions	-	(340,806)
Increase in current refund liability	1,020,320	-
Increase in other current liabilities	6,413,454	3,248,406
Decrease in other non-current liabilities	(36,870)	(22,732)
Total changes in operating liabilities	(16,595,726)	38,238,518
Net changes in operating assets and liabilities	(105,526)	(37,932,815)
Total changes in operating assets and liabilities	(2,201,450)	(35,856,543)
Cash inflow (outflow) used in operations	1,719,881	(31,872,745)
Interest received	96,921	103,240
Dividends received	775,051	523,960
Interest paid	(2,986,287)	(1,611,117)
Income taxes paid	(13,542)	(1,500,472)
Net cash flows used in operating activities	(407,976)	(34,357,134)
Cash flows generated from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(150,152)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	13,630	-
Return of financial assets at fair value through other comprehensive income	37,045	-
Acquisition of financial assets at fair value through profit or loss	(301,135)	-
Proceeds from disposal of financial assets at fair value through profit or loss	351,289	-
Decrease in other receivable - related parties	522,340	3,109,048
Acquisition of available - for - sale financial assets	-	(723,731)
Proceeds from disposal of available-for-sale financial assets	-	292,377
Acquisition of financial assets carried at cost	-	(186,788)
Return of capital of financial assets carried at cost	-	28,366
Addition to equity - accounted investees	(6,765,306)	(1,404,757)
Proceeds from disposal of equity - accounted investees	13,812	111,681
Proceeds from capital reduction of investments accounted for using equity method	586,316	1,813,038
Acquisition of property, plant and equipment	(397,159)	(283,830)
Proceeds from disposal of property, plant and equipment	158,136	105,839
Increase in intangible assets	(316,343)	(113,097)
Increase in other non-current assets	(85,975)	(48,580)
Net cash flows generated from (used in) investing activities	(6,333,502)	2,699,566
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	484,141,756	447,252,812
Repayments of short-term loans	(498,807,490)	(414,408,568)
Increase in long-term loans	16,158,205	10,872,489
Repayments of long-term loans	(10,313,335)	(15,014,093)
Increase (decrease) in guarantee deposits received	327,554	(269,207)
Cash dividends paid	(3,208,199)	(3,040,820)
Treasury shares transferred to employees	761,447	773,958
Net cash flows generated from (used in) financing activities	(10,940,062)	26,166,571
Net decrease in cash and cash equivalents	(17,681,540)	(5,490,997)
Cash and cash equivalents at beginning of year	32,925,845	38,416,842
Cash and cash equivalents at end of year	\$ 15,244,305	32,925,845

See accompanying notes to parent company only financial statements.



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Independent Auditors' Report

To the Board of Directors of Wistron Corporation:

Opinion

We have audited the consolidated financial statements of Wistron Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Provision of sales return and allowance (refund liability)

Please refer to Note 4(p), Note 5(a), and Note 6(v) of the consolidated financial statements.

Description of key audit matter

Provision of sales return and allowance (refund liability) is one of the key judgmental areas for our audit, particularly in respect of the estimates made for rebates, chargebacks and returns under contractual requirements which valued sales return and allowance.



How the matter was addressed in our audit

Our principal audit procedures included testing the Group's controls surrounding the revenue recognition for key manual and systems based controls, tracing general ledger to sales systems and reconciling their differences, as well as assessing the appropriateness in applying accounting policies to revenue recognition process. Also, audit work, in respect of the accrual for rebates and returns, our audit involved testing the key management controls over the claims and credits. In order to assess the reasonableness of the estimates for such accruals, we considered the appropriateness of the calculation, imputed parameters, key assumptions, and the historical experience.

2. Inventory valuation

Please refer to Note 4(h), Note 5(b), and Note 6(h).

Description of key audit matter

Inventories are stated at the lower of cost or realizable value. The rapid development of technology and the advance of new electronic products can have a significant impact on market demand, which may lead to product obsolescence that will affect the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as another key audit matter.

How the matter was addressed in our audit

In relation to the key audit matter above, our audit procedures included selecting samples to examine their net realizable values to verify the accuracy of inventory aging report; evaluating the reasonableness of the Company's inventory valuation policy and the management's assumption used when measuring allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Company's historical accuracy of judgments with reference to inventory valuation and comparing them with the current year's calculation to evaluate the appropriateness of the estimation and assumption used for inventory valuation; and evaluating the adequacy of the Company's disclosure for inventories.

Other Matter

Wistron Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Chia-Hsin Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2018		2017	
	Amount	%	Amount	%
4000	\$ 889,536,347	100	836,081,023	100
5000	<u>851,977,091</u>	<u>96</u>	<u>804,441,620</u>	<u>96</u>
5900	<u>37,559,256</u>	<u>4</u>	<u>31,639,403</u>	<u>4</u>
	Operating expenses (notes 6(f)(k)(l)(p)(q)(x), 7 and 12):			
6100	9,226,027	1	8,181,473	1
6200	3,163,616	-	2,843,082	-
6300	14,403,597	2	14,701,037	2
	<u>26,793,240</u>	<u>3</u>	<u>25,725,592</u>	<u>3</u>
	<u>10,766,016</u>	<u>1</u>	<u>5,913,811</u>	<u>1</u>
	Operating income			
	Non-operating income and expenses (notes 6(i)(p)(w)(x) and 7):			
7010	1,342,857	-	1,314,145	-
7020	1,888,282	-	1,378,642	-
7050	(4,747,543)	-	(2,756,041)	-
7060	409,226	-	307,854	-
	<u>(1,107,178)</u>	<u>-</u>	<u>244,600</u>	<u>-</u>
7900	9,658,838	1	6,158,411	1
7950	<u>2,373,649</u>	<u>-</u>	<u>1,796,920</u>	<u>-</u>
8200	<u>7,285,189</u>	<u>1</u>	<u>4,361,491</u>	<u>1</u>
8300	Other comprehensive income (notes 6(i)(q)(r)(s)(y))			
8310	Components of other comprehensive income that will not be reclassified to profit or loss			
8311	(157,918)	-	(69,331)	-
8316	(855,713)	-	-	-
8320	(3,361)	-	96	-
8349	<u>(32,278)</u>	<u>-</u>	<u>(11,929)</u>	<u>-</u>
	<u>(984,714)</u>	<u>-</u>	<u>(57,306)</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss			
8361	1,543,718	-	(3,932,360)	(1)
8362	-	-	(836,636)	-
8370	(40,048)	-	(84,862)	-
8399	<u>20</u>	<u>-</u>	<u>(90,091)</u>	<u>-</u>
	<u>1,503,650</u>	<u>-</u>	<u>(4,763,767)</u>	<u>(1)</u>
	<u>518,936</u>	<u>-</u>	<u>(4,821,073)</u>	<u>(1)</u>
8500	<u>\$ 7,804,125</u>	<u>1</u>	<u>(459,582)</u>	<u>-</u>
	Net profit attributable to (note 6(j)):			
8610	\$ 4,908,472	1	3,885,516	1
8620	<u>2,376,717</u>	<u>-</u>	<u>475,975</u>	<u>-</u>
	<u>\$ 7,285,189</u>	<u>1</u>	<u>4,361,491</u>	<u>1</u>
	Comprehensive income attributable to (note 6(j)):			
8710	\$ 5,350,283	1	(932,172)	-
8720	<u>2,453,842</u>	<u>-</u>	<u>472,590</u>	<u>-</u>
	<u>\$ 7,804,125</u>	<u>1</u>	<u>(459,582)</u>	<u>-</u>
	Earnings per share (in dollars)(note 6(u))			
9750	\$ <u>1.76</u>		<u>1.44</u>	
9850	\$ <u>1.73</u>		<u>1.41</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent															
	Retained earnings					Other equity										
	Capital stock	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) / on available-for-sale financial assets	Other unearned compensation for restricted employee share of stock	Total	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2017	\$ 26,503,165	21,353,585	7,295,015	-	-	14,049,157	21,344,172	1,201,427	-	(451,300)	(113,721)	636,406	(2,592,278)	67,245,050	723,399	67,968,449
Net profit	-	-	-	-	-	3,885,516	3,885,516	(3,942,392)	-	(817,980)	-	(4,760,382)	-	3,885,516	475,975	4,361,491
Other comprehensive income	-	-	-	-	-	(57,306)	(57,306)	(3,942,392)	-	(817,980)	-	(4,760,382)	-	(4,817,688)	(3,385)	(4,821,073)
Total comprehensive income	-	-	-	-	-	3,828,210	3,828,210	(3,942,392)	-	(817,980)	-	(4,760,382)	-	(932,172)	472,590	(459,582)
Appropriation and distribution of retained earnings:																
Legal reserve	-	-	296,110	-	-	(296,110)	-	-	-	-	-	-	-	-	-	-
Cash dividends	760,542	-	-	-	-	(3,042,169)	(3,042,169)	-	-	-	-	-	-	(3,042,169)	-	(3,042,169)
Stock dividends	234,900	380,540	-	-	-	(760,542)	(760,542)	-	-	-	-	-	-	615,440	-	615,440
New share issued through employees' compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	38,934	-	-	-	(41,924)	(41,924)	-	-	-	-	-	839,273	38,934	-	38,934
Treasury shares transferred to employees	-	(23,391)	-	-	-	(2,904)	(2,904)	-	-	-	-	-	-	773,958	-	773,958
Changes in ownership interests in subsidiaries	-	963	-	-	-	(2,904)	(2,904)	-	-	-	-	-	-	(1,951)	-	(1,951)
Share-based payment transactions	(11,727)	325,604	-	-	-	1,686	1,686	-	-	-	113,721	113,721	-	429,284	-	429,284
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98,699	98,699
Balance at December 31, 2017	27,486,880	22,076,225	7,591,125	-	-	13,735,404	21,326,529	(2,740,965)	-	(1,269,290)	-	(4,010,255)	(1,753,005)	65,126,374	1,294,688	66,421,062
Effects of retrospective application	-	-	-	-	-	641,117	641,117	(2,069,890)	-	1,269,290	-	(800,600)	-	(159,483)	-	(159,483)
Balance at January 1, 2018 after adjustments	27,486,880	22,076,225	7,591,125	-	-	14,376,521	21,967,646	(2,740,965)	-	(2,069,890)	-	(4,810,855)	(1,753,005)	64,966,891	1,294,688	66,261,579
Net profit	-	-	-	-	-	4,908,472	4,908,472	1,448,373	(887,879)	-	-	560,494	-	4,908,472	2,376,717	7,285,189
Other comprehensive income	-	-	-	-	-	(118,683)	(118,683)	1,448,373	(887,879)	-	-	560,494	-	441,811	77,125	518,936
Total comprehensive income	-	-	-	-	-	4,789,789	4,789,789	1,448,373	(887,879)	-	-	560,494	-	5,350,283	2,453,842	7,804,125
Appropriation and distribution of retained earnings:																
Legal reserve	-	-	388,532	-	-	(388,532)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	4,010,255	-	(4,010,255)	-	-	-	-	-	-	-	-	-	-
Cash dividends	802,050	-	-	-	-	(3,208,199)	(3,208,199)	-	-	-	-	-	-	(3,208,199)	-	(3,208,199)
Stock dividends	301,402	409,906	-	-	-	(802,050)	(802,050)	-	-	-	-	-	-	711,308	-	711,308
New share issued through employees' compensation	-	359,615	-	-	-	379	379	-	-	-	-	-	-	359,994	-	359,994
Changes in equity of associates and joint ventures accounted for using equity method	-	(169,112)	-	-	-	(73,591)	(73,591)	-	-	-	-	-	-	371,819	-	371,819
Treasury shares retired	-	(7,186)	-	-	-	(79,317)	(79,317)	-	-	-	-	-	-	847,950	-	847,950
Treasury shares transferred to employees	-	154,175	-	-	-	(150,702)	(150,702)	-	-	-	-	-	-	761,447	-	761,447
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	3,473	-	3,473
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(122,127)	(122,127)	-	122,127	-	-	122,127	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	837,855	837,855
Balance at December 31, 2018	\$ 28,421,220	22,863,619	7,979,677	4,010,255	-	10,331,896	22,321,828	(1,292,592)	(2,835,642)	-	-	(4,128,234)	(533,236)	68,945,197	4,586,385	73,531,582

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows used in operating activities:		
Profit before tax	\$ 9,658,838	6,158,411
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	7,938,345	7,592,580
Amortization expense	311,116	315,209
Expected credit loss / Provision (reversal of provision) for bad debt expense	55,411	(42,378)
Net loss on financial assets or liabilities at fair value through profit or loss	98,188	404,559
Interest expense	4,747,543	2,756,041
Interest income	(1,071,586)	(1,078,725)
Dividend income	(149,758)	(137,054)
Compensation cost arising from share-based payments	105,898	443,049
Recognized share of associates and joint ventures accounted for equity method	(409,226)	(307,854)
Loss on disposal of property, plant and equipment	13,819	80,668
Property, plant and equipment reclassified as expenses	48,303	6,162
Other non-current assets reclassified as expenses	70,051	56,585
Gain on disposal of investments	(106,370)	(351,953)
Other investment loss (income)	(94,394)	14,049
Impairment loss on assets	-	54,876
Total adjustments to reconcile profit	<u>11,557,340</u>	<u>9,805,814</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes and accounts receivable	(22,772,441)	(7,574,170)
Increase in accounts receivable - related parties	(26,174)	(105,200)
Decrease (increase) in other receivable - related parties	23,839	(144,784)
Decrease (increase) in inventories	4,377,793	(30,823,106)
Increase in other current assets	(7,065,234)	(5,407,885)
Total changes in operating assets	<u>(25,462,217)</u>	<u>(44,055,145)</u>
Changes in operating liabilities:		
Decrease in current contract liabilities	(338,873)	-
Increase in notes and accounts payable	3,969,628	14,528,775
Increase (decrease) in accounts payable - related parties	232,131	(871,283)
Increase (decrease) in other payable - related parties	72,714	(184,507)
Decrease in provisions	-	(199,958)
Increase in current refund liability	1,020,320	-
Increase in other current liabilities	8,018,766	5,339,079
Increase (decrease) in other non-current liabilities	(93,126)	41,395
Total changes in operating liabilities	<u>12,881,560</u>	<u>18,653,501</u>
Net changes in operating assets and liabilities	<u>(12,580,657)</u>	<u>(25,401,644)</u>
Total changes in operating assets and liabilities	<u>(1,023,317)</u>	<u>(15,595,830)</u>
Cash generated from (used in) operations	<u>8,635,521</u>	<u>(9,437,419)</u>
Interest received	1,265,370	1,175,540
Dividends received	526,962	505,361
Interest paid	(4,840,306)	(2,710,909)
Income taxes paid	(1,431,460)	(2,671,559)
Net cash generated from (used in) operating activities	<u>4,156,087</u>	<u>(13,138,986)</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(725,898)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	21,344	-
Return of financial assets at fair value through other comprehensive income	91,464	-
Acquisition of financial assets at fair value through profit or loss	(17,644,212)	-
Proceeds from disposal of financial assets at fair value through profit or loss	17,992,587	-
Acquisition of available-for-sale financial assets	-	(14,237,984)
Proceeds from disposal of available-for-sale financial assets	-	14,341,468
Increase in financial assets carried at cost	-	(198,112)
Return of capital of financial assets carried at cost	-	35,558
Addition to equity - accounted investees	(200,264)	(360,427)
Proceeds from disposal of equity - accounted investees	329,228	18
Acquisition of property, plant and equipment	(8,565,871)	(7,411,710)
Proceeds from disposal of property, plant and equipment	33,479	118,694
Decrease (increase) in refundable deposits	(8,899)	17,102
Increase in intangible assets	(330,052)	(126,666)
Decrease (increase) in other receivable- related parties	(3,886)	1,859
Increase in other current financial assets	-	(25,250)
Increase in other non-current assets	(5,215,276)	(2,337,614)
Net cash flows used in investing activities	<u>(14,226,256)</u>	<u>(10,183,064)</u>
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	614,004,234	590,436,868
Repayments of short-term loans	(637,235,698)	(550,538,763)
Increase in long-term loans	21,590,472	10,872,489
Repayments of long-term loans	(10,539,915)	(15,014,094)
Increase (decrease) in guarantee deposits received	327,888	(263,782)
Cash dividends paid	(3,208,199)	(3,040,820)
Treasury shares transferred to employees	761,447	773,958
Change in non-controlling interests	735,017	194,622
Net cash flows generated from (used in) financing activities	<u>(13,564,754)</u>	<u>33,420,478</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,177,829</u>	<u>(1,673,361)</u>
Net increase (decrease) in cash and cash equivalents	<u>(22,457,094)</u>	<u>8,425,067</u>
Cash and cash equivalents at beginning of year	<u>65,986,117</u>	<u>57,561,050</u>
Cash and cash equivalents at end of year	<u>\$ 43,529,023</u>	<u>65,986,117</u>

See accompanying notes to financial statements.

Appendix 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Wistron's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Wistron Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Wistron Corporation

Convener of the Audit Committee :



March 25, 2019

Appendix 3

**Comparison between Original and Amendments to
“Rules and Procedures of Board of Directors Meeting”**

Items	Original Version	Amended Version	Reason
Article 1	To establish fond 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 Regulations Governing Procedure for Board of Directors Meetings of Public Companies.	To establish fond <u>corporate governance</u> , Board of Directors (“BOD”) management system, strengthen supervising mechanism, and <u>enhancing managing mechanism, and to assist the directors in performing its duties and enhance efficiency of the BOD</u> , the Rules and Procedures have been regulated in accordance with Article 2 of the <u>“Regulations Governing Procedure for Board of Directors Meetings of Public Companies”</u> and <u>“Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board’s Exercise of Power.”</u>	To comply with the Regulation update.
Article 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.”)	The procedures for Wistron’s BOD, including discussion items, working procedures, items required to be recorded in the journal, publication, and other matters, <u>and standard operational protocol for responding to requests from directors. In addition to compliance with regulations and Article of corporation, Wistron should be</u> followed in accordance with the Rules and Procedures of BOD Meeting (“Rule.”)	To comply with the Regulation update.
Article 3	.....	..... <u>Wistron should provide appropriate and sufficient information to enable the directors to make decisions with relevant information and to perform their duties.</u>	To comply with the Regulation update.
Article 4	Wistron has appointed the Chairman of Board’s office as the business discussion unit. The business discussion unit should prepare the BOD’s	Wistron has appointed the <u>Secretary of BOD Division</u> Chairman of Board’s office as the <u>designated business discussion</u> unit.	To comply with the Regulation update and Company’s operational

Items	Original Version	Amended Version	Reason
Article 4	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.	The designated 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 <u>designated business discussion unit. The designated unit should provide further information within 5 days or no later than date of the meeting.</u> or the Directors can postpone the BOD's meeting with BOD's resolution.	needs.
Article 4-1	(newly added)	<u>All directors of Wistron shall have the assistance of the Company Secretary to ensure all rules and procedures of BOD can be complied with, and have good communication between directors and management team. Wistron has set up a Company Secretary. The Secretary of BOD Division is required to handle the directors' requirements promptly and effectively, and to do so as soon as possible within 5 business days.</u>	To comply with the Regulation update and Company's operational needs.
Article 7	..... 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.	..... If the chairman of Board is absent or unable to attend the BOD meeting for some reason, <u>the vice chairman shall act in place of the chairman; if the vice chairman is also absent or unable to attend,</u> 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.	To comply with the Company's operational needs.
Article 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.	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.	To comply with the Regulation update.
Article 19	..... The 7 th amendment was made on November 10, 2017.	..... The 7 th amendment was made on November 10, 2017.	Correspondence to the amendment

Items	Original Version	Amended Version	Reason
		The 8 th amendment was made on <u>March 25, 2019.</u>	date.

Appendix 4

Wistron Corporation

Rules and Procedures of Board of Directors Meeting

Article 1 To establish fond corporate governance, Board of Directors (“BOD”) management system, strengthen supervising mechanism, enhancing managing mechanism, and to assist the Board of Directors in performing its duties and enhance its effectiveness, the Rules and Procedures have been regulated in accordance with “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” and “Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board’s Exercise of Power.”

Article 2 To establish fond corporate governance, Board of Directors (“BOD”) management system, strengthen supervising mechanism, ~~and~~ enhancing managing mechanism, and to assist the directors in performing its duties and enhance efficiency of the BOD, the Rules and Procedures have been regulated in accordance with “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” and “Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board’s Exercise of Power.”

Article 3 BOD meeting should be called one time every three-month.

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 an 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’t be presented by extemporary motion.

The Meeting notice may be prepared in either written or electronic format.

Wistron should provide appropriate and sufficient information to enable the directors to make decisions with relevant information and to perform their duties as directors.

Article 4 Wistron has appointed the Secretary of BOD Division as the designated unit.

The designated 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 designated unit. The designated unit should provide further information within 5

days or no later than date of the meeting, or the Directors can postpone the BOD's meeting with BOD's resolution.

Article 4-1 All directors of Wistron shall have the assistance of the Company Secretary to ensure all rules and procedures of BOD can be complied with, and have good communication between directors and management team.

Wistron has set up a Company Secretary. The Secretary of BOD Division is required to handle the directors' requirements promptly and effectively, and to do so as soon as possible within 5 business days.

Article 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.

Article 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.

Article 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 vice chairman shall act in place of the chairman; if the vice chairman is also absent or unable to attend, 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.

Article 8 When Wistron holds a BOD meeting, it may notify the personnel of relevant departments or subsidiaries to attend the meeting in accordance with the proposals for resolution. Accountants, lawyers or other professional may be invited to attend the BOD meeting and make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place if deemed necessary.

The chairmen 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 2 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.

Article 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.

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

1. 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.

2. Items to be discussed:

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

3. Extemporary Motion

Article 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 go through.

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 mutatis mutandis Paragraph 2 of Article 8.

Article 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 semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).
3. Internal control mechanism set forth or amended in accordance with Article 14-1 of the Securities and Exchange Act ("SEA"), and an assessment of the effectiveness of the internal control system.
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 in 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. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. 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 term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year

calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent directors shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. 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.

Article 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.

Directors present at the meeting referred to in the previous 2 paragraphs shall not include directors without voting rights pursuant to paragraph 1 of Article 15.

Article 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.

Article 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 the director shall state the important aspects of the interested party relationship at the respective meeting 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 3 of Article 206 of the Company Act and apply mutatis mutandis Paragraph 2 of Article 180 of the same Act.

Article 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; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; objection or reserved option with record or written declaration, and the written opinion issued by independent directors according to Section 4 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; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; objection or reserved option with record or written declaration;
9. Other items that is necessary to be recorded.
10. 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 the competent authority within two days:

- (1) the objection or reserved opinion 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-thirds 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 preserved well during the existence of the company.

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

Article 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 or other related regulations.

Article 18 The Rules will be taken into effect after the BOD adopts the resolution, same as amendment.

Article 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.

The 3rd amendment was made on March 28, 2008.

The 4th amendment was made on March 25, 2009 and taken into effect after the shareholder's meeting of the same year.

The 5th amendment was made on March 22, 2010 and taken into effect after the shareholder's meeting of the same year.

The 6th amendment was made on October 30, 2012.

The 7th amendment was made on November 10, 2017.

The 8th amendment was made on March 25, 2019.

Appendix 5

**Comparison between Original and Amendments to
“Codes of Ethical Conduct”**

Items	Original Version	Amended Version	Reason
Article 7	<p>The Procedure and Amount Standards for Handling the Provision of Just Charitable Donations or Sponsorship When Relevant Personnel make charitable donations or sponsorship, they shall abide by the following basic principles:</p> <ol style="list-style-type: none"> 1. It should be done pursuant to relevant acts and internal operation procedures, and must not turn into an act of bribery through other manners. 2. If one makes a legal charitable donation or sponsorship in the Company’s name, it must be done only after the Chairman’s approval notwithstanding the amount of such donation or sponsorship. 	<p>The Procedure and Amount Standards for Handling the Provision of Just Charitable Donations or Sponsorship When Relevant Personnel make charitable donations or sponsorship, they shall abide by the following basic principles:</p> <ol style="list-style-type: none"> 1. It should be done pursuant to relevant acts and internal operation procedures, and must not turn into an act of bribery through other manners. 2. If one makes a legal charitable donation or sponsorship in the Company’s name, it must be done <u>in accordance with “Procedures for Handling Charitable Donations or Sponsorships”</u> only after the Chairman’s approval notwithstanding the amount of such donation or sponsorship. 	To comply with the Company’s operational needs.
Article 10	<p>..... The 1st amendment was made on November 11, 2016.</p>	<p>..... The 1st amendment was made on November 11, 2016. <u>The 2nd amendment was made on November 9, 2018.</u></p>	Correspondence to the amendment date.

Appendix 6

Wistron Corporation Codes of Ethical Conduct

Article 1 Purpose

The Codes of Ethical Conduct was established to enforce the Wistron Corporation (hereinafter as the Company)'s core values, and maintain its high level of business ethics, as well as for Relevant Personnel to strictly abide by the Company's standard code of ethical conduct to uphold the company's reputation, and to gain the respect and trust of customers, suppliers and professionals of all fields. The Codes of Ethical Conduct was thereby established and shall be duly followed.

Article 2 Applicable Range and Definition

The Codes of Ethical Conduct shall apply to the Directors of the Board (including the independent Directors, and hereinafter referred the same), managerial officers and employees employed or delegated by the Company or persons having substantial control over the Company (hereinafter as Relevant Personnel).

Article 3 Important Codes of Ethical Conduct

1. Integrity is Wistron's core value, and is also the root for operating an enterprise. To operate an enterprise based on Integrity is to provide a job environment and atmosphere that will allow Relevant Personnel to execute their job duties in accordance to the ethical standard. The Company requires that all Relevant Personnel to fully understand and abide by the Codes of Ethical Conduct and Self-Integrity. The following is the relevant and important codes of ethical conduct:
 - (1) One must strictly keep confidential the information related to the Company or clients whom the Company purchases goods from or whom the Company sells products to. Unless being authorized or prescribed under law to disclose the above information, one has the obligation to keep confidentiality. The confidential information that must not be disclosed includes all information that could be possibly used by competitors or cause damages to the Company or the Company's clients after disclosure.
 - (2) When one uses information related to the Company or clients whom the Company purchases goods from or whom the Company sells products to, one must not contravene the acts and laws, or the Company's Policies and Procedures on the Protection of Confidential Information.
 - (3) One must treat clients whom the Company purchases goods from or whom the Company sells the products to, the competing companies and employees on a fair and equal basis, and must not use the information obtained through job convenience to manipulate, conceal, or misuse such information to make

false statement on important matters, or use such information to obtain unjust benefits through other unjust transactions.

- (4) One must be loyal to his or her job, and the execution of duties, including disposition of money, purchase, safekeeping assets, evaluation of performances and making and ratification of reports, shall be accomplished with Integrity, diligence and dedication.
 - (5) One has the duty to protect the Company's assets and resources, and ensure that such assets and resources can be legally and effectively used in business operation. It is strictly prohibited to use the Company's assets or resources to gain personal interest. One should also recuse from negatively affecting the Company's interest through personal or department's interest or through stealing, neglecting, and wasting the Company's assets and resources.
 - (6) One must recuse from any conflict that will result in the conflict of personal and the Company's interest.
 - (7) One must not participate or instigate others to proceed in activities or relationships that might cause harm to job loyalty or professional judgment.
 - (8) One must not request, accept, or give any gifts, donations, political donations or treats (bribery) that might cause harm to job loyalty or professional judgment.
 - (9) One must not commit any acts that will damage the reputation of the Company.
 - (10) One must abide by the national acts, rules and regulations. One must not be involved in any illegal or inappropriate activities under any circumstances.
2. The Codes of Ethical Conduct will not be limited to acts, rules and regulations. The spirit in the execution of this is in the high level of self-restraint, and that one will abide by the Codes without violating general conventions.

When Relevant Personnel cannot determine whether an action or a circumstance fits with the Company's Codes of Ethical Conduct, one should check its adequacy based on the following principles:

- (1) Whether the disclosure of such relationship or action will cause negative effects to the Company's reputation.
- (2) Whether the process of such relationship or action will be generally interpreted as having effects on the just execution of job duties or professional judgment.

Article 4 Recusal Policy on the Conflict of Interest

1. The Relevant Personnel should recuse from any conflict that will cause conflict between the personal and Company's interest. For this, the Relevant Personnel shall automatically and fully report to the direct supervisor and the management personnel of the highest level in Human Resource department (suitable for Relevant Personnel who are not Directors of the Board), or the Board of Directors (suitable for Directors of the Board) upon knowing or facing (not

limited to) the following circumstances and explain how the personal interest can be conflicting with the Company's interest:

- (1) When the positions held by the Relevant Personnel might let them, their spouse, or third-degree relatives gain unjust benefits, or obstruct their objective and effective handling of business operations.
 - (2) When the activities participated by the Relevant Personnel outside the Company cause direct competition against the Company's business operation, or obstruct with the Relevant Personnel's positions held and duties in the Company.
 - (3) Using the Company's resources (such as information, objects or property) to participate in activities outside the Company without the Company's permission.
 - (4) Has third-degree relatives working in the Company.
2. When the Company receives reports from the Relevant Personnel on how their actions do not fit the Recusal Policy on the Conflict of Interest, the Chairman (suitable for Directors of the Board) or the management personnel of the highest level in Human Resource department (suitable for Relevant Personnel who are not Directors of the Board), together with the involved Relevant Personnel's supervisor of the highest level from their affiliating organization shall discuss handling principles and procedures, and pass the case to the general manager (suitable for Relevant Personnel who are not Directors of the Board) for authorization, or pass the case to the Board of Directors (suitable for Directors of the Board) to handle.

Article 5 Giving Presents and Treats as Part of Business Routine

1. To maintain the highest standard for ethical conduct, one must not accept or give any presents, cash gifts, treats from suppliers, contractors, clients, and other relevant parties and groups (including governmental agencies) involved in the Company's business operation, for such action will affect the normal operation of business and judgment. Any form of bribery is strictly prohibited.
2. When it is necessary to accept presents or any types of gifts, one shall proceed in accordance to the following in addition to abiding by Paragraph 1 of Article 5:
 - (1) One must not accept cash, check, or any valuable papers (such as gift coupons or stocks).
 - (2) When one has to accept as a courtesy the presents or treats, the value of such must not exceed or can only be equivalent of NTD1,000 as the maximum limit. If the presents from the company include its trademark souvenirs, then the value of such must not exceed and can only be equivalent of NTD\$6,000 as the maximum limit.
 - (3) If one must accept a present in the fear that refusal might be inappropriate, and such present temporarily accepted has exceeded the value stated in

Paragraph 2.b. in Article 5, such present shall be handed to the Executive Secretary of the Employees' Welfare Committee within seven days of acceptance for disposition.

(4) One must not subscribe any shares of stock or any other similar preferential packages from any units or companies that are involved with the Company's business operation outside the open transaction market.

3. To maintain and promote the normal business relationship and operation of the Company, one may be permitted to give presents to relevant individuals involved in the Company's business operation. However, such acts must be done in accordance to the aforementioned Paragraph 1 under Article 5, and abide by the following rules:

(1) Write down what the presents were for and the presents shall contain the name of the Company.

(2) One should select the most appropriate presents for subjects from the presents provided by the Company.

4. When one accepts or arranges any treats related to business operation, they shall be done in accordance to the rules of general business courtesy and cannot be too frequent, and must not let customers or companies think that such presents or treats are part of the conditions to maintain business relationship with the Company.

5. The relationship and interaction between superiors and employees shall also be processed pursuant to the spirits and principles of this Codes of Ethical Conduct.

Article 6

The Procedure for Handling the Provision of Legal Political Donations

When Relevant Personnel makes direct or indirect donations to a political party, or an organization or individual participating in political activities, they should abide by the following basic principles:

1. It should be done pursuant to the Political Donations Act and relevant acts, and shall not use it to seek commercial benefits or transaction advantages.

2. Relevant Personnel shall not directly or indirectly provide political donations in the name of the Company.

3. One must not use any of the Company's property, facility or to participate in political activities during working hours.

4. When making political donations in the Company's name, it must be done only after the approval of the Chairman notwithstanding the amount of such donation.

Article 7

The Procedure and Amount Standards for Handling the Provision of Just Charitable Donations or Sponsorship

When Relevant Personnel make charitable donations or sponsorship, they shall abide by the following basic principles:

3. It should be done pursuant to relevant acts and internal operation procedures,

and must not turn into an act of bribery through other manners.

4. If one makes a legal charitable donation or sponsorship in the Company's name, it must be done in accordance with "Procedures for Handling Charitable Donations or Sponsorships."

Article 8 The Execution for Codes of Ethical Conduct

1. To achieve sound ethical corporate management, Adm. & H.R unit is delegated to take charge of establishing and supervising the implementation of the ethical corporate management policies and related measures, and it shall report to the Board of Directors on a regular basis; and relevant units shall hold training courses and publicize the Codes of Ethical Conduct to ensure that all Relevant Personnel understand, accept and will strictly abide by and enforce the Codes.
2. Relevant Personnel shall continue to raise awareness and publicize the Company's Codes of Ethical Conduct to business related units or other companies that are involved in the business relations with the Company to ensure that they understand and support the determination and polices of the ethical corporate management of the Company.

Article 9 Disciplinary measures on the Relevant Personnel involved in violation of the Codes

1. The Company encourages the insiders and outsiders to report any activities which violate the Codes, however, insiders shall not make false report or malicious accusation, people who conduct the aforementioned behaviors shall be subject to disciplinary action, and removed from office if the circumstance concerned is material.
2. A whistleblower shall at least furnish the following information:
 - (1)The whistleblower's name and I.D. number, and the communication channels to reach him/her.
 - (2)The informed party's name or other information sufficient to distinguish its identifying features.
 - (3)Specific facts and evidences available for investigation.
3. Company personnel handling reported matters shall represent in writing that they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their report. The responsible unit of this Corporation shall observe the following procedure:
 - (1)A tip involving a general employee shall be reported to the department head or the highest manager of Administration and Adm. & H.R unit; a tip involving a director or senior manager shall be reported to the highest manager of Auditing office or the independent directors.
 - (2)The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts, and be provided with the assistance of the legal compliance or other

related department if necessary.

- (3) If a person being informed of is confirmed to have indeed violated the Codes of Ethical Conduct, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
- (4) The business transaction counterparties involved in violating the Codes of Ethical Conduct will be strictly treated by the Company by decreasing or canceling the cooperation with the Company according to the extent of violation, or reported to the corresponding judicial authorities.
- (5) Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the reported case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
- (6) With respect to a confirmed reported case, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
- (7) The responsible unit of the Company shall submit to the board of directors a report on the reported case, actions taken, and subsequent reviews and corrective measures.

Article 10 Enforcement and Amendment

The Principles will be implemented after adoption by resolution of the Board of Directors, same as amendment, and will be delivered to the shareholders meeting for report.

The Codes are enacted on March 25, 2014.

The 1st amendment was made on November 11, 2016.

The 2nd amendment was made on November 9, 2018.

Appendix 7

Wistron Corporation
Profit Appropriation Statement for 2018

Unit: NT\$

Unappropriated retained earnings at the beginning of the year		5,326,348,352
Plus(Less):		
Effect of Adoption of IFRSs 9	641,116,951	
Remeasurements of defined benefit obligation	(118,682,370)	
Treasury stock transactions	(152,908,088)	
Changes in equity of associates accounted for using equity method	378,776	
Changes in ownership interests in subsidiaries	(150,701,477)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(122,127,184)	
Net Profit of 2018	4,908,471,903	
Less:		
Legal Reserve	(490,847,190)	
Special Reserve	(117,979,026)	
Retained Earnings Available for Distribution		9,723,070,647
Distribution Items:		
Stock Dividends to Common Shareholders	0	
Cash Dividends to Common Shareholders	(4,226,639,925)	(4,226,639,925)
Unappropriated Retained Earnings		5,496,430,722

Note 1: Stock dividend: NT\$0.

Note 2: Cash dividend: NT\$1.5 per share, and the cash dividend is rounded down to the nearest NT dollar; the amount rounded off will be credited to other income of Wistron.

Chairman: Simon Lin

President: Robert Hwang

Controller: Stone Shih

Appendix 8

Comparison between Original and Amendments to “Articles of Incorporation”

Items	Original Version	Amended Version	Reason
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.	The Company is incorporated in accordance with the provisions under the Company Law pertaining to companies limited by shares by the name of <u>緯創資通股份有限公司</u> in the Chinese language, and WISTRON CORPORATION in the English language.	To comply with the Regulation update of the “Company Act.”
Article 6-2	(newly added)	<u>The employees entitled to receive shares, which bought back by the Company, or share subscription warrants, or restricted stock for employees, or reserved for subscription by employees when the Company issues new shares, may including the employees of subsidiaries of the Company meeting certain specific requirements which will be determined by the Board of Directors.</u>	To comply with the Regulation update of the “Company Act.”
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.	The shares in the Company will be registered shares duly certified by three or more of the directors <u>representing</u> 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.	To comply with the Regulation update of the “Company Act.”
Article 11	The Company will have a Board of Directors consisting of seven to nine Directors, who will be elected by the shareholders’ meeting from the director candidate list via the candidate nomination system. Each Director will serve an office term of three years and may be re-elected. The Company may purchase	The Company will have a Board of Directors consisting of seven to nine Directors, who will be elected by the shareholders’ meeting from the director candidate list via the candidate nomination system. Each Director will serve an office term of three years and may be re-elected. The Company <u>should obtain</u> may purchase liability	To comply with the Regulation update of “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by

Items	Original Version	Amended Version	Reason
Article 11	liability insurance for the Directors to protect them against potential liabilities arising from their exercising of Director duties.	insurance for the Directors to protect them against potential liabilities arising from their exercising of Director duties.	TWSE Listed Companies and the Board's Exercise of Powers”
Article 12	The chairperson of the Board of 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 an audit committee, nominating committee, remuneration committee or other functional committees.	The chairperson of the Board of 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, <u>and the Company may also elect a vice chairman of the Board of Directors in the same manner.</u> The company may create an audit committee, nominating committee, remuneration committee or other functional committees.	To comply with the Company’s operational needs.
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.	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.	To comply with the Company’s operational needs.
Article 19	..... The 20 th amendment was made on June 14, 2017.	..... The 20 th amendment was made on June 14, 2017. <u>The 21st amendment was made on June 12, 2019.</u>	Correspondence to the amendment date.

Appendix 9

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. CC01110 Manufacture of computer and peripheral equipment,
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
12. JA02010 Electric appliance and products Repairing (can only be conducted outside Hsinchu Science Park)
13. J101090 Waste Disposition (can only be conducted outside Hsinchu Science Park)
14. CF01011 Medical equipment manufacturing
15. CD01030 Automobiles and Parts Manufacturing (can only be conducted outside Hsinchu Science Park)
16. F218010 Retail Sale of Computer Software (can only be conducted outside Hsinchu Science Park)
17. I301020 Data Processing Services
18. I301030 Digital Information Supply Services
 - (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, microprocessors, 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.
- (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).
- (9) Providing repairing, cleansing and maintenance services for electronic appliance and products (can only be conducted outside Hsinchu Science Park).
- (10) Recycling and disposition and removal of waste electronic products (can only be conducted outside Hsinchu Science Park).
- (11) R&D, development, design, production, manufacture, testing and sale of In-Vitro testing equipment / system / modules / platform, Treatment Appliance and Equipment, Smart Assistive Devices, General Diagnostic X-ray Imaging Device, physiological signal detection medical materials and medical information transmission system products, semi-finished products and their peripherals or components.
- (12) Production, manufacture and sale of various kinds of automotive electronic 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 Forty Billion New Taiwan Dollars (NTD 40,000,000,000), which is divided into Four Billion (4,000,000,000) shares with a par value of Ten New Taiwan Dollars (NTD10) each and will be issued as common shares or preferred shares by installments by the Board of Directors.

An amount of Two Billion New Taiwan Dollars (NTD2,000,000,000) from the above total capital amount divided into 200,000,000 shares with a par value of Ten New Taiwan Dollars each (NTD10) are reserved for the issuance of employee stock options.

Article 6-1 The Company issues registered Series A preferred shares with the rights, obligations and issuing terms set forth as follows:

1. The interest rate of the preferred shares dividend may not exceed 3.5% per annum.
2. The dividend of the preferred shares shall be made according to the offering price and offering days. Upon acknowledgement of the financial statements of the previous fiscal year at the annual general shareholders meeting and resolution to distribute earnings, the dividend will be made in cash in one payment. The BOD is authorized to determine the base ex-dividend date of the preferred share annual dividend.
3. The earnings of the Company (if any), upon annual closing will first be made to pay for taxes, make up for losses, appropriate to statutory reserves and special reserves. The remaining amount will then first be paid to distribute the preferred share dividend in priority over the dividends of the other shares.
4. Except for receiving a dividend as set out in Paragraph 1 herein, shareholders of Series A preferred shares may not participate in the distribution of common share earnings and capital surplus in the form of cash and capital injection.
5. In the event of no earnings or insufficient earnings to distribute the entire dividend of Series A preferred shares upon annual closing, the undistributed or under-distributed dividend of the year shall be accrued at a compound dividend interest rate until the year with earnings. The amount short will receive full payment with first seniority. However, the undistributed accrued preferred share dividend shall be paid out in full upon expiration of the offering terms.
6. The offering terms of the preferred shares shall not exceed 5 years. Upon expiration of the term, the total shares will be redeemed at the offering price together with the accrued dividend unpaid. In the event of matters beyond control or force majeure that the Company is unable to redeem all or part of the preferred shares, the rights of the shares unredeemed shall remain the same as set forth in the

issuing terms until the Company makes a total redemption. The dividend will be calculated at the same interest rate for the extended term.

7. The preferred shares may not be converted to common shares during the term.
8. The preferred shares has seniority claim to the remaining assets of the company over common shares and the other preferred shares that are issued after the shares herein, however the amount shall not exceed the offering amount.
9. The shareholders of the preferred shares have voting rights and election rights at the common shareholders' meetings, and also the right to be elected as directors.
10. When the Company issues new share to raise cash capital, the preferred shareholders have senior stock option of the new shares as the common shareholders.
11. The BOD is authorized to govern the other related matters pursuant to the "Rules on Issuance of Series A Preferred Shares" prescribed at the time of offering.

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 as 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, a person who acts as a proxy for two or more shareholders are not entitled to vote when the represented shares exceed three percent (3%) of the total voting rights of the outstanding shares of the Company. 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. According to regulatory requirements, shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders'

meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Chapter IV Directors and Audit Committee

Article 11 The Company will have a Board of Directors consisting of seven to nine Directors, who will be elected by the shareholders' meeting from the director candidate list via the candidate nomination system. Each Director will serve an office term of three years and may be re-elected. The Company may purchase liability insurance for the Directors to protect them against potential liabilities arising from their exercising of Director duties.

The compensation or transportation allowance paid to the Directors 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 The Board of Directors shall be composed of at least 3 Independent Directors, who will be elected at the shareholders' meeting from the independent director candidate list via the candidate nomination system. With respect to the Independent Director's profession, holding shares, work restriction, nomination and election method and other matters, all should be preceded by relevant regulations set by the securities authority.

Article 11-2 Pursuant to Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee. The Audit Committee shall be composed of the entire number of Independent Directors. The authority of the Audit Committee and the other compliance issues shall be made according to the Company Act, the Securities and Exchange Act, other relevant laws and regulations and the company by laws.

Article 12 The chairperson of the Board of 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 an audit committee, nominating committee, remuneration committee or other functional committees.

Article 12-1 Each director shall be notified at least seven days in advance of the reasons for calling a Board of Directors meeting or Audit Committee meeting. In emergency circumstances, however, a meeting may be called on shorter notice.

The aforesaid meeting notice may be prepared in either written or electronic format.

Article 13 In case the chairperson of the Board of Directors is on leave or unable to represent the Company or perform his or her functions for whatever cause, he or she may appoint another director as proxy in accordance with Section 208 of the Company Law. If that director is not able to attend a meeting in person, he or she may appoint another director as proxy. A director may serve as proxy for only one other 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 for submission to the shareholders' meeting for approval.

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, (profit means the profit before tax, excluding the amounts of employees' and directors' compensation) such profit will be distributed in accordance with the following, once the Company's accumulated losses shall have been covered.

1. No less than five percent (5%) of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive compensation shall be determined-by the Board of Directors;
2. No more than one percent (1%) of profit as the compensation in cash to the Directors.

Article 16-1 If the Company has net profit as a result of the yearly accounting closing, the Company shall first offset its losses in precious years and set aside a legal capital reserve at ten percent (10%) of the net profit, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge, then appropriate not less than ten percent (10%) of the remaining balance plus undistributed earnings in begin of period are available for distribution as dividends to shareholders. The board of directors may propose the distribution for approval in the shareholders' meeting.

Chapter VII Supplementary Provisions

Article 17 In consideration that the Company is in a capital and technology-intensive industry and in consideration of the Company's 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 cash 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 The Procedure was enacted on May 23, 2001.

The 1st amendment was made on June 16, 2001.

The 2nd amendment was made on November 3, 2001.

The 3rd amendment was made on December 17, 2001.

The 4th amendment was made on June 7, 2002.

The 5th amendment was made on June 17, 2003.

The 6th amendment was made on June 16, 2004.

The 7th amendment was made on June 16, 2004.

The 8th amendment was made on June 9, 2005.

The 9th amendment was made on June 8, 2006.

The 10th amendment was made on June 21, 2007.

The 11th amendment was made on June 25, 2008.

The 12th amendment was made on June 23, 2009.

The 13th amendment was made on June 18, 2010.

The 14th amendment was made on June 22, 2011.

The 15th amendment was made on June 21, 2012.

The 16th amendment was made on June 14, 2013.

The 17th amendment was made on June 11, 2014.

The 18th amendment was made on June 26, 2015.

The 19th amendment was made on June 15, 2016.

The 20th amendment was made on June 14, 2017.

Appendix 10

**Comparison between Original and Amendments to
“Procedures of Asset Acquisition and Disposal”**

Items	Original Version	Amended Version	Reason
Article 2	<p>The term “assets” as used in the Procedures including:</p> <p>.....</p> <p>2.Real estate (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.</p> <p>.....</p> <p>7.Other important assets.</p>	<p>The term “assets” as used in the Procedures including:</p> <p>.....</p> <p>2.Real estate (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.</p> <p>.....</p> <p>7. <u>Right-of-use assets.</u></p> <p>87.Other important assets.</p>	To comply with the Regulation update.
Article 3	<p>Definitions</p> <p>1.”Derivative Products” means forward contracts, options, futures, leverage contracts, swaps contracts, whose value is 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, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>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 the eight paragraph of Article</p>	<p>Definitions</p> <p>1.”Derivative Products” means forward contracts, options, futures, leverage contracts, swap contracts, whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, assets, interest rates,</u> foreign exchange rate, <u>indexes of prices or rates, credit rating or credit index,</u> or other <u>variable-interests;</u> and the hybrid contracts consisted by the above products, etc. <u>combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>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</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 3	<p>156 of Company Law.</p> <p>.....</p>	<p>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 the eight paragraph of Article 156-3 of Company Law.</p> <p>.....</p> <p><u>8.Securities exchange: “Domestic securities exchange” refers to the Taiwan Stock Exchange Corporation; “foreign securities exchange” refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p><u>9.Over-the-counter venue: “Domestic OTC venue” refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; “foreign OTC venue” refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>	To comply with the Regulation update.
Article 4	<p>Procedures of Evaluation and Operation for the Acquisition or Disposition of Assets</p> <p>.....</p> <p>2. For acquisition or disposition of real estates, equipment, 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,</p>	<p>Procedures of Evaluation and Operation for the Acquisition or Disposition of Assets</p> <p>.....</p> <p>2. For acquisition or disposition of real estates, equipment, membership certificates, intangible assets, <u>right-of-use assets</u>, 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,</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 4	targeted assets, trading counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.	targeted assets, trading counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.	To comply with the Regulation update.
Article 5	<p>Procedures of Ratification and Decision for the Acquisition or Disposition of Assets</p> <p>1.Manner and the Reference Basis for the Decision on Price</p> <p>(1).....</p> <p>(2)The acquisition or disposition of real estate and equipment 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.</p> <p>(3).....</p> <p>(4) For the acquisition or disposition of intangible assets such as patent rights, copyrights, trademark rights, and franchises, 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, or production cost or implementation cost; in addition, the relevant elements of right owners and licensees shall also be integrally referred.</p> <p>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,</p>	<p>Procedures of Ratification and Decision for the Acquisition or Disposition of Assets</p> <p>1.Manner and the Reference Basis for the Decision on Price</p> <p>(1).....</p> <p>(2)The acquisition or disposition of real estate <u>or right-of-use assets</u> and <u>equipment or right-of-use assets</u> shall be carried out by price comparison, price negotiation, or bidding. As to the price of real estate <u>or right-of-use assets</u>, it shall be determined by reference to the announced present value, appraised present value, and actual transaction price in the vicinity.</p> <p>(3).....</p> <p>(4) For the acquisition or disposition of intangible assets <u>or right-of-use assets</u> such as patent rights, copyrights, trademark rights, and franchises, 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, or production cost or implementation cost; in addition, the relevant elements of right owners and licensees shall also be integrally referred.</p> <p>2. Amount and Level of License In-charge department of the Company shall decide within its</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 5	<p>however, that matters governed by Article 185 of the Company Law shall be approved at the shareholders' meeting in advance:</p> <p>(1).....</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 not more than NT\$300 million, and it will be reported to the Board of Directors thereafter. However, the acquisition or disposition of real property to a related party, is not in the scope of this authorization, but shall apply the provisions of Article 12 paragraph 2.</p> <p>(3) Acquisition or disposition of the Company and its subsidiary equipment used for operating purposes, to authorize the Chairman of the Board of Directors or its authorized personnel decisions NT\$300 million, and afterwards would then be sent the most recent of the Board for ratification. Otherwise, the acquisition or disposition of equipment; for any projects the amount is more than NT\$300 million, must be approved by the Board of Directors, the chairman of the Board or his authorized officers decides for other projects before its executions.</p> <p>(4) The acquisition or disposition of derivative products shall be authorized to relevant personnel in accordance with the "Rules</p>	<p>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 at the shareholders' meeting in advance:</p> <p>(1).....</p> <p>(2) The acquisition or disposition of real estate <u>or right-of-use assets</u> 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 not more than NT\$300 million, and it will be reported to the Board of Directors thereafter. However, the acquisition or disposition of real property <u>or right-of-use assets</u> to a related party, is not in the scope of this authorization, but shall apply the provisions of Article 12 paragraph 2.</p> <p>(3) Acquisition or disposition of the Company and its subsidiary <u>or transaction between the subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital of the Company equipment or right-of-use assets used for operating purposes and real property right-of-use assets used for operating purposes,</u> to authorize the Chairman of the Board of Directors or its authorized personnel decisions NT\$300 million, and afterwards would then be sent the most recent of the Board for ratification. Otherwise, the acquisition or</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 5	<p>and Procedures of Derivative Transactions,” which set by the Company, and shall report to the soonest meeting of Board of Directors.</p> <p>3. Operating Department The 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, equipment, intangible assets, membership certificate and assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws.</p>	<p>disposition of equipment <u>or right-of-use assets</u>; for any projects the amount is more than NT\$300 million, must be approved by the Board of Directors, the chairman of the Board or his authorized officers decides for other projects before its executions.</p> <p>(4) The acquisition or disposition of derivative products shall be authorized to relevant personnel in accordance with the “Rules and Procedures of Derivative Transactions,” which <u>formulated set</u> by the Company, and shall report to the soonest meeting of Board of Directors.</p> <p>3. Operating Department The 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, equipment, intangible assets, membership certificate, <u>right-of-use assets</u> and assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws.</p>	To comply with the Regulation update.
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 FSC’s designated website in accordance to its nature and the stipulated form, within two days commencing immediately of its occurrence, with the relevant data and information: (1) Purchase and disposition of real estate from a related</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 FSC’s designated website in accordance to its nature and the stipulated form, within two days commencing immediately of its occurrence, with the relevant data and information: (1) Acquisition and disposition of real estate <u>or right-of-use</u></p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 6	<p>party, or purchase or disposition of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2).....</p> <p>(3)Engaging in derivative products transactions and the loss reaching the upper limit loss amount of the total or individual contract prescribed in procedures which set by the Company,</p> <p>(4)Equipment that are categorized as assets acquired or disposed for business use, the transaction counterparty is not a related party, and the transaction amount has reached NT\$1 billion or more.</p> <p>(5)Real estate acquired by the Company by the ways of mandating others to build on its land, engaging others to build on rented land, joint 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 which the anticipated amount invested by the Company has exceeded NT\$500 million.</p>	<p><u>assets</u> from a related party, or purchase or disposition of assets other than real property <u>or right-of-use assets</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2).....</p> <p>(3)Engaging in derivative products transactions and the loss reaching the upper limit loss amount of the total or individual contract prescribed in procedures which <u>formulated</u> set by the Company,</p> <p>(4)Equipment <u>or right-of-use assets</u> that are categorized as assets acquired or disposed for business use, the transaction counterparty is not a related party, and the transaction amount has reached NT\$1 billion or more.</p> <p>(5)Real estate acquired by the Company by the ways of mandating others to build on its land, engaging others to build on rented land, joint 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, <u>and furthermore the</u></p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 6	<p>(6)Except for asset transactions provided in the preceding five items, or an investment in the mainland China area, where the transaction amount reaching 20% of the Company’s paid-in capital or in exceeds NT\$300 million; however, not included otherwise provided below:</p> <p>(a)purchase and sale of government bonds,</p> <p>(b)purchase and sale of bonds with put or call conditions, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>2.The transaction mounts in the preceding paragraph are calculated in accordance to the methods provided herein below:</p> <p>(1)each single transaction amount,</p> <p>(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,</p> <p>(3)the amount accumulated (the amounts for acquisition and disposition are separately accumulated) within one year of the acquisition or disposition of the same real estate in a development plan,</p> <p>(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.</p> <p>.....</p>	<p><u>transaction counterparty is not a related party</u>, then the transaction amount which the anticipated amount invested by the Company has exceeded NT\$500 million.</p> <p>(6)Except for asset transactions provided in the preceding five items, or an investment in the mainland China area, where the transaction amount reaching 20% of the Company’s paid-in capital or in exceeds NT\$300 million; however, not included otherwise provided below:</p> <p>(a)purchase and sale of <u>domestic</u> government bonds,</p> <p>(b)purchase and sale of bonds with put or call conditions, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>2.The transaction mounts in the preceding paragraph are calculated in accordance to the methods provided herein below:</p> <p>(1)each single transaction amount,</p> <p>(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,</p> <p>(3)the amount accumulated (the amounts for acquisition and disposition are separately accumulated) within one year of the acquisition or disposition of the same real estate <u>or right-of-use assets</u> in a development plan,</p> <p>(4)the amount accumulated (the amounts for acquisition and disposition are separately</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 6		<p>accumulated) within one year in the acquisition or disposition of the same securities.</p> <p>.....</p>	To comply with the Regulation update.
Article 7	<p>Scope and Amount of Acquisition or Disposition of Assets</p> <p>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:</p> <p>(1) Total investment in real estate for non-business use shall not exceed 40% of the equity attributable to owners of the Company and long-term liabilities of the Company as the most recent financial report audited or reviewed by the accountant.</p> <p>.....</p> <p>2. As to the Company subsidiaries not categorized as domestic public companies and their directly or indirectly held subsidiaries, the limitations on amounts of acquisition or disposition of assets shall not violate rules provided herein below:</p> <p>(1) Real estate shall not be purchased for non-business use.</p> <p>.....</p>	<p>Scope and Amount of Acquisition or Disposition of Assets</p> <p>1. Apart from acquisition of assets for business use, the Company may invest or <u>acquire</u> purchase real estate <u>or right-of-use assets</u> and securities for non-business use, the limitations on amounts are set forth as follows:</p> <p>(1) Total investment in real estate <u>or right-of-use assets</u> for non-business use shall not exceed 40% of the equity attributable to owners of the Company and long-term liabilities of the Company as the most recent financial report audited or reviewed by the accountant.</p> <p>.....</p> <p>2. As to the Company subsidiaries not categorized as domestic public companies and their directly or indirectly held subsidiaries, the limitations on amounts of acquisition or disposition of assets shall not violate rules provided herein below:</p> <p>(1) Real estate <u>or right-of-use assets</u> shall not be <u>acquired</u> purchased for non-business use.</p> <p>.....</p>	To comply with the Regulation update.
Article 8	<p>Control Management Process for Subsidiaries' Acquisition or Disposition of Assets</p> <p>.....</p> <p>3. The Company's paid-in capital or total assets, audited by public accountants, shall be the standard for determining whether or not a subsidiary is subject to Article 6, paragraph 1, requiring a public announcement and regulatory</p>	<p>Control Management Process for Subsidiaries' Acquisition or Disposition of Assets</p> <p>.....</p> <p>3. The Company's paid-in capital or total assets, audited by public accountants, shall be the standard for determining whether or not a subsidiary is subject to Article 6, paragraph 1, requiring a public announcement and regulatory</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 8	<p>filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</p> <p>.....</p>	<p>filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</p> <p>.....</p>	To comply with the Regulation update.
Article 10	<p>Appraisal Report from Professional Appraisal Institutions</p> <p>In acquiring or disposing of real estates or equipment by the Company, unless otherwise transacting with a government agency, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing the equipment for business use, and the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report issued by a professional appraisal institutions, and comply with the following provisions:</p> <p>1. Due to special circumstances, where a limited price, specified price or special 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>.....</p>	<p>Appraisal Report from Professional Appraisal Institutions</p> <p>In acquiring or disposing of real estates, or equipment <u>or right-of-use assets</u> by the Company, unless otherwise transacting with a <u>domestic</u> government agency, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing the equipment <u>or right-of-use assets</u> for business use, and the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report issued by a professional appraisal institutions, and comply with the following provisions:</p> <p>1. Due to special circumstances, where a limited price, specified price or special 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>.....</p>	To comply with the Regulation update.
Article 11	<p>Certified Accountant's Opinions</p> <p>1. For a public company acquiring or disposing of marketable securities, where the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, an accountant shall, prior to the</p>	<p>Certified Accountant's Opinions</p> <p>1. The For a public Company acquiring or disposing of marketable securities, where the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, an accountant shall,</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 11	<p>date of occurrence of the event, be retained for opinions on the reasonableness of the transaction price. If the accountant needs to use the report of an expert as evidence, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF). This requirement does not apply to the securities which are publicly quoted in an active market or otherwise provided by the regulations of FSC.</p> <p>According to FSC letter No. 1050044504 and the exception rule provided in the first paragraph of Article 10 the regulations Governing the Acquisition and Disposition of Assets by Public Company. Following times the Company is to proceed free from the aforementioned accountant checking procedure for acquiring or disposing securities.</p> <p>(1)Securities acquired through cash contribution in an incorporation by promotion or by public offering in accordance with the Company Act, with the further requirement that the rights represented by the acquired securities be commensurate with the proportion of capital contributed.</p> <p>(2).....</p> <p>(3) Participation in subscription to securities with cash capital increase issued by a 100% owned subsidiary.</p> <p>(4).....</p> <p>(5)Government bonds, or bonds under repurchase or reverse</p>	<p>prior to the date of occurrence of the event, be retained for opinions on the reasonableness of the transaction price. If the accountant needs to use the report of an expert as evidence, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF). This requirement does not apply to the securities which are publicly quoted in an active market or otherwise provided by the regulations of FSC.</p> <p>According to FSC letter No. 1050044504 <u>10703319081050044504</u> and the exception rule provided in the first paragraph of Article 10 the regulations Governing the Acquisition and Disposition of Assets by Public Company. Following times the Company is to proceed free from the aforementioned accountant checking procedure for acquiring or disposing securities.</p> <p>(1)Securities acquired through cash contribution in an incorporation by promotion or by public offering in accordance with the <u>law Company Act</u>, with the further requirement that the rights represented by the acquired securities be commensurate with the proportion of capital contributed.</p> <p>(2).....</p> <p>(3)Participation in subscription to securities with cash capital increase issued by a <u>direct or indirect</u> 100% owned subsidiary, <u>or 100% owned subsidiaries</u> <u>participate in subscribing</u></p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 11	<p>purchase agreements.</p> <p>(6) Onshore or offshore publicly offered funds.</p> <p>(7) TWSE or TPEX listed stocks acquired or disposed of in accordance with the TWSE or TPEX rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.</p> <p>(8) Participation in subscription to shares issued by a public company for a cash capital increase or domestic subscription to corporate bonds (including financial debentures), with the further requirement that the securities acquired are not privately placed securities.</p> <p>(9).....</p> <p>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, except in transactions with a government agency, an accountant shall, prior to the date of occurrence of the event, 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.</p> <p>3. If the public company acquired or disposed assets through court auction procedures, they may replace the appraisal report or accountant opinions with the certified documents issued by the court.</p>	<p><u>cash capital increase to issue securities with each other.</u></p> <p>(4).....</p> <p>(5) <u>Domestic</u> government bonds, or bonds under repurchase or reverse purchase agreements.</p> <p>(6) Onshore or offshore <u>Publicly</u> offered funds.</p> <p>(7) TWSE or TPEX listed stocks acquired or disposed of in accordance with the TWSE or TPEX rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.</p> <p>(8) Participation in subscription to shares issued by a <u>domestic</u> public company for a cash capital increase or domestic subscription to corporate bonds (including financial debentures), with the further requirement that the securities acquired are not privately placed securities.</p> <p>(9).....</p> <p>2. In acquiring or disposing membership certificate or intangible assets <u>or right-of-use assets by the a public Company</u>, and the transaction amount reaching 20% of the Company's paid-in capital or in exceeding NT\$300 million, except in transactions with a government agency, an accountant shall, prior to the date of occurrence of the event, 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.</p> <p>3. If the <u>public Company</u> acquired</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 11		or disposed assets through court auction procedures, they may replace the appraisal report or accountant opinions with the certified documents issued by the court.	To comply with the Regulation update.
Article 12	<p>.....</p> <p>The Company must submit the information provided below to the Board of Directors for approval, upon first obtaining a consent from the Audit Committee, before its execution of the purchase or disposition of real estate from related parties, or acquisition or disposition of assets other than real property from or to related parties where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises. The Company may not proceed to enter into a transaction contract or make a payment until receiving approval as discussed herein from the Board of Directors, including.</p> <p>.....</p> <p>3. With respect to the acquisition of real property from a related party, relevant information for evaluating the reasonableness of the anticipated transaction conditions pursuant to provisions of Articles 13 and 14;</p> <p>.....</p> <p>With respect to the acquisition or disposition of business-use equipment between the Company and its subsidiaries, and when the transaction is within the authorized amount, the Chairman</p>	<p>.....</p> <p>The Company must submit the information provided below to the Board of Directors for approval, upon first obtaining a consent from the Audit Committee, before its execution of the <u>acquisition purchase</u> or disposition of real estate <u>or right-of-use assets</u> from related parties, or acquisition or disposition of assets other than real property <u>or right-of-use assets</u> from or to related parties where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises. The Company may not proceed to enter into a transaction contract or make a payment until receiving approval as discussed herein from the Board of Directors, including.</p> <p>.....</p> <p>3. With respect to the acquisition of real property <u>or right-of-use assets</u> from a related party, relevant information for evaluating the reasonableness of the anticipated transaction conditions pursuant to provisions of Articles 13 and 14;</p> <p>.....</p> <p>With respect to the <u>types of transactions listed below</u></p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 12	of the Board may, pursuant to Article 5, paragraph 2, subparagraph 3, decide such matters and have the decisions subsequently submitted to and ratified at the next Board of Directors meeting.	acquisition or disposition of business-use equipment <u>when to be conducted</u> between the Company and its subsidiaries, <u>or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u> and when the transaction is within the authorized amount, the Chairman of the Board may, pursuant to Article 5, paragraph 2, subparagraph 3, decide such matters and have the decisions subsequently submitted to and ratified at the next Board of Directors meeting: <u>1.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u> <u>2.Acquisition or disposal of real property right-of-use assets held for business use.</u>	To comply with the Regulation update.
Article 13	<p>The Company’s purchases of real estate from a related party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:</p> <p>.....</p> <p>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.</p> <p>4.The Company’s purchases of real estate from the related party, in addition to evaluating 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.</p> <p>5.Where one of the following occurrence exists in the Company’s purchase of the real estate from the related party, the</p>	<p>The Company’s acquisition of real estate <u>or right-of-use assets</u> from a related party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:</p> <p>.....</p> <p>3.Where the land and the buildings on the property are combined for the purchase <u>or lease</u>, the cost of the transaction may be reached by respectively evaluating such land and building based on either method described above.</p> <p>4.The Company’s acquisition of real estate <u>or right-of-use assets</u> from the related party, in addition to evaluating the cost of the cost of real estate <u>or right-of-use assets</u> pursuant to provisions prescribed in the preceding three paragraphs, an accountant shall be retained to check and provide specific opinion.</p> <p>5.Where one of the following occurrence exists in the</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 13	<p>transaction is exempt from the application of the preceding four paragraphs; however, the Article 12 shall still apply:</p> <p>(1)The related party acquired real estate by inheritance or as a gift.</p> <p>(2)Between the signing date of the related party’s receipt of the real estate and the signing date of the current transaction, 5 years has passed.</p> <p>(3)Acquiring real estate by a joint construction contract executed with the related party, or through engaging a related party to build real property, either on the company’s own land or on rented land.</p>	<p>Company’s acquisition of the real estate <u>or right-of-use assets</u> from the related party, the transaction is exempt from the application of the preceding four paragraphs; however, the Article 12 shall still apply:</p> <p>(1)The related party acquired real estate <u>or right-of-use assets</u> by inheritance or as a gift.</p> <p>(2)Between the signing date of the related party’s receipt of the real estate <u>or right-of-use assets</u> and the signing date of the current transaction, 5 years has passed.</p> <p>(3)Acquiring real estate by a joint construction contract executed with the related party, or through engaging a related party to build real property, either on the company’s own land or on rented land.</p> <p>(4)<u>The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p>	To comply with the Regulation update.
Article14	<p>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 by objective evidence provided by a professional real property appraiser’s reasonableness opinion obtained and an accountant’s specific opinion rendered, the restriction shall not apply:</p> <p>1.Where the related party</p>	<p>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 by objective evidence provided by a professional real property appraiser’s reasonableness opinion obtained and an accountant’s specific opinion rendered, the restriction shall not apply:</p> <p>1.Where the related party</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article14	<p>purchased a piece of undeveloped land or leased land for construction, and the evidence provided meets one of the following conditions:</p> <p>(1).....</p> <p>(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.</p> <p>(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.</p> <p>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 size. 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 size” means that in the case of transaction of non-related party, the</p>	<p>purchased a piece of undeveloped land or leased land for construction, and the evidence provided meets one of the following conditions:</p> <p>(1).....</p> <p>(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 <u>or leasing</u> transaction practice.</p> <p>(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.</p> <p>2.The Company provides evidence to prove that the transaction conditions for purchase of the real estate <u>or obtaining real property right-of-use assets through leasing</u> from the related party correspond with those of other transactions of non-related parties in the neighborhood and within one year, with a similar size.</p> <p>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 size” means that in</p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article14	size 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.	the case of transaction of non-related party, the size 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 <u>or right-of-use assets</u> .	To comply with the Regulation update.
Article 15	<p>When the Company acquires 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:</p> <ol style="list-style-type: none"> 1. Allocate the difference between the real estate transaction price and the evaluated cost as special reserve. 2. The independent director members of the Audit Committee handle the matter pursuant to Article 218 of the Company Act. 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. <p>Where the Company allocates a special reserve in accordance to the preceding paragraph, it 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 competent authorities.</p>	<p>When the Company acquires real estate <u>or right-of-use assets</u> 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:</p> <ol style="list-style-type: none"> 1. Allocate the difference between the real estate <u>or right-of-use assets</u> transaction price and the evaluated cost as special reserve. 2. The independent director members of the Audit Committee handle the matter pursuant to Article 218 of the Company Act. 3. Report the handling condition of the <u>preceding two subparagraphs</u> first and second items to the shareholders’ meeting and disclose the detailed transaction content in the annual report and the prospectus. <p>Where the Company allocates a special reserve in accordance to the preceding paragraph, it shall not use such special reserve until and unless a devaluation loss on the asset purchased <u>or leased</u> at high price has been rendered, or such asset has been disposed of, <u>or the leasing contract has been terminated</u>, 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 competent authorities.</p> <p><u>When the Company obtains real property or right-of-use assets</u></p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 15		<u>thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's-length transaction.</u>	To comply with the Regulation update.
Article 17	Where the Company engages in the transaction of derivative products, it shall perform the following risk management measures: 4.The positions held in the trading of derivative products shall be evaluated at least once a week, 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 manages authorized by the Board of Directors.	Where the Company engages in the transaction of derivative products, it shall perform the following risk management measures: 4.The positions held in the trading of derivative products shall be evaluated at least once a week, the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be <u>submitted</u> given to high-level manages authorized by the Board of Directors.	To comply with the Regulation update.
Article 18	..... 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 these Procedures and the “Rules and Procedures of Derivative Transactions” set by 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 these Procedures and the “Rules and Procedures of Derivative Transactions” <u>formulated</u> set by the Company.	To comply with the Regulation update.
Article 29	..... The 10 th amendment was made on June 14, 2018.	..... The 10 th amendment was made on June 14, 2018. <u>The 11th amendment was made on June 12, 2019.</u>	Correspondence to the amendment date.

Appendix 11

Wistron Corporation

Procedures of Asset 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 Asset Acquisition and Disposal," these procedures are amended in accordance with Article 36-1 of the Securities and Exchange Act and Financial Supervisory Commission (referred to as "FSC").

Article 2 The term "assets" as used in the Procedures including:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, warrants, investment funds, underlying asset bonds, etc.
2. Real estate (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
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 Definitions

1. "Derivative Products" means forward contracts, options, futures, leverage contracts, swaps contracts, whose value is 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, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
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 the eight paragraph of Article 156 of Company Law.

3. The term “related party” and “subsidiary company” shall be defined as stated in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”
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 the Company is engaged in investments which must be approved by a 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 appraiser” means a real estate appraiser or other according to laws engaged in real estate, equipment valuation business.
6. 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).
7. 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 with applicable 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, equipment, 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 meetings with related persons to examine operational strategies and performances. In principle, trading positions and performances shall be reported to the chief fund

manager every 2 weeks, and reported to the highest supervisor of financial department 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 the 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 referenced.
- (2) The acquisition or disposition of real estate and equipment 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 the acquisition or disposition of membership certificates, the price shall be integrally evaluated by reference to future anticipated added-value and produced benefit.
- (4) For the acquisition or disposition of intangible assets such as patent rights, copyrights, trademark rights, and franchises, 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, or 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 at 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 if the amount is not more than NT\$300 million, the executed project will be reported to the Board of Directors thereafter.
 - (b) For the 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 not more than NT\$300 million, the executed project will be reported to the Board of Directors thereafter. However, for related party transactions subject to the Article 12 of these procedures, the provisions of Article 12 shall prevail.

(c) Short-term idle funds invested in short-term securities such as domestic government bonds, domestic bond funds, financial bonds, American government bond and oversea bond fund with good credit rating, domestic money market funds, whereby the Director of Finance/the finance manager is authorized to execute for each single transaction or the daily total amount not exceeding NT\$1 billion; the approval of vice president of finance/CFO is required for amounts between NT\$ 1 and 2 billion; and the approval of the chairman of the board is required for amount exceeding NT\$ 2 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 not more than NT\$300 million, and it will be reported to the Board of Directors thereafter. However, the acquisition or disposition of real property to a related party, is not in the scope of this authorization, but shall apply the provisions of Article 12 paragraph 2.

(3) Acquisition or disposition of the Company and its subsidiary equipment used for operating purposes, to authorize the Chairman of the Board of Directors or its authorized personnel decisions NT\$300 million, and afterwards would then be sent the most recent of the Board for ratification. Otherwise, the acquisition or disposition of equipment; for any projects the amount is more than NT\$300 million, must be approved by the Board of Directors, the chairman of the Board or his authorized officers decides for other projects before its executions.

(4) The acquisition or disposition of derivative products shall be authorized to relevant personnel in accordance with the “Rules and Procedures of Derivative Transactions,” which set by the Company, and shall report to the soonest meeting of Board of Directors.

3. Operating Department

The 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, equipment, intangible assets, membership certificate and assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws.

1. The acquisition or disposition of the Company's assets, provided below, shall be announced and filed to the FSC's designated website in accordance to its nature and the stipulated form, within two days commencing immediately of its occurrence, with the relevant data and information:
 - (1) Purchase and disposition of real estate from a related party, or purchase or disposition of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.
 - (2) Proceeding mergers, splits, acquisition or shares transference,
 - (3) Engaging in derivative products transactions and the loss reaching the upper limit loss amount of the total or individual contract prescribed in procedures which set by the Company
 - (4) Equipment that are categorized as assets acquired or disposed for business use, the transaction counterparty is not a related party, and the transaction amount has reached NT\$1 billion or more.
 - (5) Real estate acquired by the Company by the ways of mandating others to build on its land, engaging others to build on rented land, joint 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 which the anticipated amount invested by the Company has exceeded NT\$500 million.
 - (6) Except for asset transactions provided in the preceding five items, or an investment in the mainland China area, where the transaction amount reaching 20% of the Company's paid-in capital or in exceeds NT\$300 million; however, not included otherwise provided below:
 - (a) purchase and sale of government bonds,
 - (b) purchase and sale of bonds with put or call conditions, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.
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 of 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 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 and their directly or indirectly held subsidiaries, up to the end of the previous month in accordance to the stipulated form to the FSC'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 within two days counting inclusively from the date of knowing of such error or omission.
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 accountants, attorneys or security underwriters for at least 5 years.
7. After announcing and filing the transaction in accordance with the provisions, provided that one of the following conditions exist, the Company shall announce and file the relevant data and information to the FSC's designated website within two days commencing immediately after its occurrence:
 - (1) Where the executed relevant contracts of the original transaction have been changed, terminated or ceased.
 - (2) Where mergers, splits, acquisition or share transfers have not been completed in accordance to the anticipated timeframe set in the contracts.
 - (3) Change to the originally publicly announced and reported information.

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 equity attributable to owners of the Company and long-term liabilities of the Company as the most recent financial report audited or reviewed by the accountant.

- (2) Total investment in securities shall not exceed 200% of the equity attributable to owners of the Company as the most recent financial report audited or reviewed by the accountant.
 - (3) Investment in a single security shall not exceed 40% of the equity attributable to owners of the Company as the most recent financial report audited or reviewed by the accountant.
2. As to the Company subsidiaries not categorized as domestic public companies and their directly or indirectly held subsidiaries, the limitations on amounts of acquisition or disposition of assets shall not violate rules provided herein below:
 - (1) Real estate shall not be purchased for non-business use.
 - (2) Total investment in securities shall not exceed the equity attributable to owners of the Company as the most recent financial report audited or reviewed by the accountant.
 - (3) Investment in a single security shall not exceed 20% of the equity attributable to owners of the Company as the most recent financial report audited or reviewed 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 not categorized as domestic public companies and their directly or indirectly held subsidiaries, the "Procedures for Acquiring or Disposing of Assets" shall be enacted in accordance to regulations, and after the approval of the Board of Directors of the subsidiaries, shall be submitted to each supervisor and reported to the shareholders' meeting for approval. After approval at the shareholders' meeting, it shall be filed to the Board of Director of the Company. The same procedures shall apply with any amendment.
2. For situations in which the acquisition or disposition of assets by subsidiaries not categorized as domestic public companies and their directly or indirectly held subsidiaries 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.
3. The Company's paid-in capital or total assets, audited by public accountants, shall be the standard for determining whether or not a subsidiary is subject to Article 6, paragraph 1, requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.
4. The Company shall supervise subsidiaries' compliance with the "Procedures of Assets Acquisition and Disposition," and monitor their implementation.

Article 9 Punishment for Violation of the Procedure

When the Company's employees or 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 equipment by the Company, unless otherwise transacting with a government agency, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing the equipment for business use, and the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report issued by a professional appraisal institutions, and comply with the following provisions:

1. Due to special circumstances, where a limited price, specified price or special 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 must 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 occurred, and the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF), unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount:
 - (1) the difference between the appraisal amount of the appraisal institutions and transaction amount is 20% of transaction amount or more;
 - (2) the difference between the appraisal amounts of two or more appraisal institutions reaches 10% of transaction amount or more.
4. The dates between the appraisal report issued by the professional appraisers and the contract executed shall 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. For a public company acquiring or disposing of marketable securities, where the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, an accountant shall, prior to the date of occurrence of the event, be retained for opinions on the reasonableness of the transaction price. If the accountant needs to use the report of an expert as evidence, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20

published by the ROC Accounting Research and Development Foundation (ARDF). This requirement does not apply to the securities which are publicly quoted in an active market or otherwise provided by the regulations of FSC.

According to FSC letter No. 1050044504 and the exception rule provided in the first paragraph of Article 10 the regulations Governing the Acquisition and Disposition of Assets by Public Company. Following times the Company is to proceed free from the aforementioned accountant checking procedure for acquiring or disposing securities.

- (1) Securities acquired through cash contribution in an incorporation by promotion or by public offering in accordance with the Company Act, with the further requirement that the rights represented by the acquired securities be commensurate with the proportion of capital contributed.
 - (2) Participation in subscription to an issue of securities issued at face value by an issuing company.
 - (3) Participation in subscription to securities with cash capital increase issued by a 100% owned subsidiary.
 - (4) Securities listed and traded on the Taiwan Stock Exchange or the Taipei Exchange or emerging stocks.
 - (5) Government bonds, or bonds under repurchase or reverse purchase agreements.
 - (6) Onshore or offshore publicly offered funds.
 - (7) TWSE or TPEx listed stocks acquired or disposed of in accordance with the TWSE or TPEx rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
 - (8) Participation in subscription to shares issued by a public company for a cash capital increase or domestic subscription to corporate bonds (including financial debentures), with the further requirement that the securities acquired are not privately placed securities.
 - (9) Subscription to a domestic privately placed fund before the establishment of the fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, or subscription to or redemption of a domestic privately placed fund, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.
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, except in transactions with a government agency, an accountant shall, prior to the date of occurrence of the event, 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. If the public company acquired or disposed assets through court auction procedures, they may replace the appraisal report or accountant opinions with the certified documents issued by the court.

Article 11-1 The calculation of the transaction amounts referred to in the preceding two articles shall be done in accordance with Article 6, paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or an accountant’s opinion has been obtained need not be counted toward the transaction amount.

Article 12 Related Party Transactions

When the Company engages in any acquisition or disposition of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company’s total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant’s opinion in compliance with the provisions of the Procedures.

The Company must submit the information provided below to the Board of Directors for approval, upon first obtaining a consent from the Audit Committee, before its execution of the purchase or disposition of real estate from related parties, or acquisition or disposition of assets other than real property from or to related parties where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises. The Company may not proceed to enter into a transaction contract or make a payment until receiving approval as discussed herein from the Board of Directors, including.

1. The reasons, necessity and the anticipated benefit of assets purchase or disposed of;
2. The reasons for selecting the related persons as the transaction party;
3. With respect to the acquisition of real property from a related party, 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 an evaluation of the necessity of the transaction and the reasonableness of the fund usage;
6. An appraisal report from a professional appraiser or an accountant's opinion obtained in compliance with this Article.
7. Conditions and other important agreed items of the transaction.

The calculation of the transaction amounts referred to in this Article shall be made in accordance with Article 6, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.

With respect to the acquisition or disposition of business-use equipment between the Company and its subsidiaries, and when the transaction is within the authorized amount, the Chairman of the Board may, pursuant to Article 5, paragraph 2, subparagraph 3, decide such matters and have the decisions subsequently submitted to and ratified at the next Board of Directors meeting.

Article 13 The Company's purchases of 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's purchases of real estate from the related party, in addition to evaluating 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 of the related party's receipt of the real estate and the signing date of the current transaction, 5 years has passed.
- (3) Acquiring real estate by a joint construction contract executed with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

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 by objective evidence provided by a professional real property appraiser's reasonableness opinion obtained and an accountant's specific opinion 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 stated "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 is 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 size.

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 size" means that in the case of transaction of non-related party, the size 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 acquires 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 independent director members of the Audit Committee handle the matter pursuant to Article 218 of the Company Act.
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.

Where the Company allocates a special reserve in accordance to the preceding paragraph, it 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 competent authorities.

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 risk management and auditing purposes 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 Where the Company engages in the transaction of derivative products, it 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 positions held in the trading of derivative products shall be evaluated at least once a week, 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 these Procedures and the “Rules and Procedures of Derivative Transactions” set 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 a 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 and the item 1 of paragraph 2 of Article 18, 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 “Rules and Procedures of Derivative Transactions” in order to make the auditing report. If there are any severe breach matters, these shall be notified to Audit Committee 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 at the shareholders' meeting for discussion and approval.

However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

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 at 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 as provided by laws or under special circumstances where advance permission has been obtained from the FSC, the Company shall convene the board meetings and shareholders' meetings and pass resolutions regarding the merger, split or acquisition and relevant matters on the same day along with other participating companies in the merger, split, acquisition or share transference.

The Company shall prepare the following information in a written form and retain the records for 5 years:

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.

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.
3. Important documents and minutes, including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

The Company shall, within two days commencing immediately from the date 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.

Article 23 All persons participating in or knowing of the Company's 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 or sell in their own capacity or in the name of another person any shares, or 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 under the conditions provided below, and the 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 disposition 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 (Companies) 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 under the 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 Audit Committee pursuant to related regulations, and submitted to the Board of Directors for resolution and later be effective after approved by the shareholders meeting. If a director holds dissenting opinions and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to Audit Committee.
4. The Company's matters shall be approved by the Board of Directors pursuant to the Procedures or other laws. If a director holds a dissenting opinion of the Company's matters and there were records for them or they were stated in writing, the Company shall submit evidence of the director's dissenting opinions to Audit Committee.
5. When the Company reports the transaction for the 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. If the Company plans to engage in assets or the transaction of derivative products, the plan shall be approved by more than half the members of all the Audit Committee and submitted to Board of Directors for resolution.
7. If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors meeting minutes.
8. The Audit Committee members in paragraph 6 and the Board of Directors members in preceding paragraph will only calculate the members in present person.

Article 29 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.
The 3rd amendment was made on June 25, 2008.
The 4th amendment was made on June 23, 2009.
The 5th amendment was made on June 18, 2010.
The 6th amendment was made on June 21, 2012.
The 7th amendment was made on June 14, 2013.
The 8th amendment was made on June 11, 2014.
The 9th amendment was made on June 14, 2017.
The 10th amendment was made on June 14, 2018.

Appendix 12

**Comparison between Original and Amendments to
“Procedures Governing Loaning of Funds”**

Items	Original Version	Amended Version	Reason
Article 5	<p>.....</p> <p>The aforesaid loan amount shall be in accordance with Article 3. The loan amount of the Company or its subsidiaries’ to any single enterprise shall not exceed 10% of the net worth of the latest financial report of the Company or the subsidiaries. However, the limit of foreign subsidiaries which the Company directly and indirectly holds 100% of the voting shares shall be limited to not exceed the net worth of the latest financial report of the Company.</p> <p>.....</p>	<p>.....</p> <p>The aforesaid loan amount shall be in accordance with Article 3. The loan amount of the Company or its subsidiaries’ to any single enterprise shall not exceed 10% of the net worth of the latest financial report of the Company or the subsidiaries. However, the <u>limit on total loan amount and respective parties’ loan amount between two</u> of foreign subsidiaries <u>and between foreign subsidiaries and the Company, the foreign subsidiaries means</u> which the Company directly and indirectly holds 100% of the voting shares, shall be limited to not exceed the net worth of the latest financial report of the Company.</p> <p>.....</p>	To comply with the Regulation update.
Article 7	<p>The Company shall announce and report on behalf of any subsidiary not categorized as domestic public companies and their directly or indirectly held subsidiaries any matters that such subsidiary is required to announce and report pursuant to the third subparagraph of the preceding paragraph.</p>	<p><u>3.</u> The Company shall announce and report on behalf of any subsidiary not categorized as domestic public companies and their directly or indirectly held subsidiaries any matters that such subsidiary is required to announce and report pursuant to the third subparagraph of the preceding paragraph.</p>	To comply with the Company’s operational needs.
Article 10	<p>.....</p> <p>The limits of a subsidiary on total loan amount and respective parties’ loan amount should calculate based on subsidiary’s net worth pursuant to Article 3 of this Procedure. However, the restrictions of limits on the total loan amount and term for loans under Paragraph 1 of Article 3 and Article 4 of this Procedure do not apply to a foreign subsidiary in which the Company directly and indirectly holds 100 percent</p>	<p>.....</p> <p>The limits of a subsidiary on total loan amount and respective parties’ loan amount should calculate based on subsidiary’s net worth pursuant to Article 3 of this Procedure. However, the restrictions of limits on the total loan amount and term for loans under Paragraph 1 of Article 3 and Article 4 of this Procedure do not apply to a <u>between two</u> foreign subsidiaries <u>and between foreign subsidiaries and the</u></p>	To comply with the Regulation update.

Items	Original Version	Amended Version	Reason
Article 10	of the voting shares, but should not exceed the net worth of the Company and should meet the term for loans set in the procedure by foreign subsidiary.	<u>Company, the foreign subsidiaries means in which the Company directly and indirectly holds 100 percent of the voting shares, but the limits of total loan amount and respective parties' loan amount should not exceed the net worth of the Company and should meet the term for loans set in the procedure by foreign subsidiary.</u>	To comply with the Regulation update.
Article 14	Before the effectiveness of the Procedure, the present outstanding loan of funds of the Company shall submit to the Board of Directors for confirmation and handle the matters in accordance to the Procedure thereafter. If there is any exceeding portion of loaning funds, the Company should recover them in installment.	Before the effectiveness of the Procedure, the present outstanding loan of funds of the Company shall submit to the Board of Directors for confirmation and handle the matters in accordance to the Procedure thereafter. If there is any exceeding portion of loaning funds, the Company should recover them in installment. <u>1. If the Company plans to provide significant loan to other parties, the plan shall be approved by more than half members of all the Audit Committee and submitted to Board of Directors for resolution.</u> <u>2. If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors minutes.</u> <u>3. The Audit Committee members and the Board of Directors members in this Article and Article 15 will only calculate the members in present position.</u>	To comply with the Regulation update.
Article 14-1	If the Company plans to provide significant loan to other parties, the plan shall be approved by more than half members of all the Audit Committee and submitted to Board of Directors for resolution.	If the Company plans to provide significant loan to other parties, the plan shall be approved by more than half members of all the Audit Committee and submitted to Board of Directors for resolution.	The contents of Article 14-1 moved to the Article 14.

Items	Original Version	Amended Version	Reason
Article 14-1	<p>If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors minutes.</p> <p>The Audit Committee members in first paragraph and the Board of Directors members in preceding paragraph will only calculate the members in present position.</p>	<p>If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors minutes.</p> <p>The Audit Committee members in first paragraph and the Board of Directors members in preceding paragraph will only calculate the members in present position.</p>	The contents of Article 14-1 moved to the Article 14.
Article 15	<p>The Procedure, as well as any revision thereto, shall be approved by the Audit Committee pursuant to related regulations, and submitted to the Board of Directors for resolution and later be effective after approved by shareholders' meeting. If a director holds dissenting opinions and there are records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to the Audit Committee and report to the shareholders' meeting for discussion.</p>	<p>1. The Procedure, as well as any revision thereto, shall be approved by <u>more than half members of all</u> the Audit Committee pursuant to related regulations, and submitted to the Board of Directors for resolution and later be effective after approved by shareholders' meeting. If a director holds dissenting opinions and there are records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to the Audit Committee and report to the shareholders' meeting for discussion.</p> <p>2. <u>If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors minutes.</u></p>	To comply with the Regulation update.
Article 17	<p>.....</p> <p>The 7th amendment was made on June 14, 2018.</p>	<p>.....</p> <p>The 7th amendment was made on June 14, 2018.</p> <p><u>The 8th amendment was made on June 12, 2019.</u></p>	Correspondence to the amendment date.

Appendix 13

Wistron Corporation **Procedures Governing Loaning of Funds**

The Company shall follow the Procedure set forth below for loaning funds to other parties.

Article 1 The party to whom the Company may loan its funds

The Company may loan funds to other parties (the “Borrower”) pursuant to the Procedure when a company with which it does business, or subsidiaries in need of funds for a short term period which the Company holds more than fifty percent (50%) of the shares.

Article 2 Evaluation standards for loaning funds to others

1. In the event the Company loans funds to other parties by reason of business relations, the aggregate amount of the loan shall not exceed the net worth of total trading amount between the two companies in the most recent year. The net worth of total trading amount between two companies hereby means the total purchases or sales whichever is higher.
2. For the companies in need of funds for a short term period, the Borrower shall be limited to subsidiaries in which the Company holds more than 50% of the shares.

Article 3 Limits on the total loan amount and respective parties’ loan amount

1. The total loan amount to others shall not exceed the 50% of the net worth of the latest financial report of the Company, among that, for the companies in need of funds for a short term period, the loan amount shall not exceed the 40% of the net worth of the latest financial report of the Company audited or reviewed by the accountant.
2. The limit amount for loaning to a company having business relationship with the Company should vary according to the situations as follows:
 - (1) When any enterprise in which the Company holds more than 50% of the shares, the loan amount shall not exceed the 10% of the net worth of the Company.
 - (2) When any enterprise in which the Company holds less than 50% of the shares, the loan amount shall not exceed the 40% of the net worth of that enterprise and the 5% of the net worth of the Company.
 - (3) For the other Borrower, the loan amount shall not exceed the 25% of the net worth of the Borrower and the 5% of the net worth of the Company.
3. The limit amount for loaning to a Borrower in need of funds for a short term period shall not exceed the 10% of the net worth of the Company.

Article 4 Term for loans of funds and the method of calculating interest rate

The term of each loan shall not exceed one (1) year.

The interest rate shall be determined by Chairman of Board of Directors or the Chairman's designee.

Article 5 Procedures for handling loans of funds

1. The Borrower shall enclose copies of the business related certificates, identity card of person in charge of the business and essential financial materials and file a loan amount application to Company. After facilitating the evaluation and credit checking, the financial department will report to the Board of Director for approval. However, the subsidiaries which the Company directly and indirectly holds more than 50% of the voting shares could be exempted from providing the documents mentioned above.
2. The loans of the company and subsidiaries or subsidiaries and subsidiaries shall be submitted to the Board of Directors for approval in accordance with aforesaid Article. Once the loans are approved by the Board, the chairman of the Board is authorized to allocate the fund within a year under approved limits in several installments or revolving allocations.
3. The aforesaid loan amount shall be in accordance with Article 3. The loan amount of the Company or its subsidiaries' to any single enterprise shall not exceed 10% of the net worth of the latest financial report of the Company or the subsidiaries. However, the limit of foreign subsidiaries which the Company directly and indirectly holds 100% of the voting shares shall be limited to not exceed the net worth of the latest financial report of the Company.
4. Upon ratification of the loan amount, the Borrower shall file related forms to the financial department to apply for withdrawal.

Article 6 Procedures for Ratification

1. When the Borrower applies for a loan from the Company, it shall submit concrete description of necessity and reasonableness and the financial department will determine whether to accept the application or not.
2. Besides, the financial department shall make an impact assessment based on the possibility of operation risk, financial condition and shareholder's rights and interests after loaning fund to Borrower and submit an opinion statement to the Board of Directors for approval.
3. When the Borrower, except for the subsidiaries which the Company directly and indirectly holds more than 50% of the voting shares, applying for a withdrawal of capital from the Company, the Company should request the Borrower to provide the same amount of a cheque/promissory note or secure a collateral equivalent to the endorsement and/or guarantee amount. The financial department shall evaluate

and mark the value of the collateral.

Article 7 Announcement and reporting procedures

1. The Company shall announce and report the previous month's balance of loan of funds of itself and its subsidiaries by the 10th day of each month to Market Observation Post System.
2. The Company and subsidiaries whose loan balance reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence to Market Observation Post System:
 - (1) The aggregate balance of the Company and its subsidiaries' loan reaches 20 percent or more of the company's net worth as stated in its latest financial statement audited or reviewed by the accountant.
 - (2) The balance of the Company and its subsidiaries' loan for a single enterprise reaches 10 percent or more of Company's net worth as stated in its latest financial statement audited or reviewed by the accountant.
 - (3) The balance of the Company or its subsidiaries' newly added loan reaches NT\$10 million or more and the aggregate amount of loan reaches 2 percent or more of Company's net worth as stated in its latest financial statement audited or reviewed by the accountant.

The Company shall announce and report on behalf of any subsidiary not categorized as domestic public companies and their directly or indirectly held subsidiaries any matters that such subsidiary is required to announce and report pursuant to the third subparagraph of the preceding paragraph.

Article 8 Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights

1. The Company's Chief of Staff Office shall prepare a registry containing the subject of the basic information of the Borrower, the passing date and the ratified amount of the loan of the Board of Directors, the issuing date of the loan, the amount of the loan, collateral, interest rate, and reimbursement date and method etc. for the examination of competent authorities and related personnel.
2. After appropriating the fund, financial department shall examine the financial status, business status and related credit status of the Borrower and guarantor, and if there is any collateral provided, financial department should pay attention to the alteration of its secured value. If there is significant violation, the personnel shall inform the Chairman of Board of Directors and handle the matters under his instructions.
3. When reimbursing the loan on due date or before the due date, the Borrower should calculate the interest rate in advance and reimburse the loan with principal. Then,

the Company may return the promissory note with cancellation of the loan of funds or eliminate the collateral registration.

4. Borrower should reimburse the principal and the interest when the due date comes. If failing to reimburse at the due date, the Company may dispose the collateral directly and redeem it for the Company's loss.
5. If any event causes non-conformity of Borrower's qualification and the loan amount with the Procedure, the Company shall enact the revised plan, send it to the Audit Committee and rectify it accordingly.

Article 9 Penalty for violation of the Procedure Loaning Funds to Others by managers or personnel in charge

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

Article 10 Procedures for controlling and managing loans of funds to others by subsidiaries

When a subsidiary not categorized as domestic public companies and their directly or indirectly held subsidiaries plans to loan fund to others, the subsidiary should enact "Procedures Governing Loaning of Funds," report to Board of Directors for approval, and handle the matters according to its Procedures. Its Procedures Governing Loaning of Funds should follow the precedent of this Procedure. However, the loan amount and respective party's loan amount shall not exceed the amount described as follows:

The limits of a subsidiary on total loan amount and respective parties' loan amount should calculate based on subsidiary's net worth pursuant to Article 3 of this Procedure. However, the restrictions of limits on the total loan amount and term for loans under Paragraph 1 of Article 3 and Article 4 of this Procedure do not apply to a foreign subsidiary in which the Company directly and indirectly holds 100 percent of the voting shares, but should not exceed the net worth of the Company and should meet the term for loans set in the procedure by foreign subsidiary.

Article 11 Subject to the Generally Accepted Accounting Principles, the Company shall make sufficient provision based on the condition of its loan profile, adequately disclose information in the financial statements, and provide external auditors with necessary information for conducting due auditing.

Article 12 The internal verification personnel of the Company shall verify the Procedure and its implementation and make a report in writing for record. If there is significant violation, the personnel shall inform Audit Committee in writing.

- Article 13** When the Company submits the loaning of funds for the Board of Directors' approval, the board shall fully take each independent director's opinions into consideration and record each director's reasons for pros and cons in the minutes.
- Article 14** Before the effectiveness of the Procedure, the present outstanding loan of funds of the Company shall submit to the Board of Directors for confirmation and handle the matters in accordance to the Procedure thereafter. If there is any exceeding portion of loaning funds, the Company should recover them in installment.
- Article 14 -1** If the Company plans to provide significant loan to other parties, the plan shall be approved by more than half members of all the Audit Committee and submitted to Board of Directors for resolution.
If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors minutes.
The Audit Committee members in first paragraph and the Board of Directors members in preceding paragraph will only calculate the members in present position.
- Article 15** The Procedure, as well as any revision thereto, shall be approved by the Audit Committee pursuant to related regulations, and submitted to the Board of Directors for resolution and later be effective after approved by shareholders' meeting. If a director holds dissenting opinions and there are records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to the Audit Committee and report to the shareholders' meeting for discussion.
- Article 16** (Deleted)
- Article 17** The Procedure was enacted on May 7, 2002
The 1st amendment was made on June 17, 2003
The 2nd amendment was made on June 23, 2009
The 3rd amendment was made on June 18, 2010
The 4th amendment was made on June 14, 2013
The 5th amendment was made on June 11, 2014.
The 6th amendment was made on June 26, 2015.
The 7th amendment was made on June 14, 2018.

Appendix 14

**Comparison between Original and Amendments to
“Procedures Governing Endorsements and Guarantees”**

Items	Original Version	Amended Version	Reason
Article 10	<p>1. The Company shall make a public announcement on the amount of its endorsements and/or guarantees on or before the 10th date of each month. In addition, in the event that the amount meets of the following standards, the Company shall make a separate public announcement within 2 days:</p> <p>.....</p> <p>(3)The balance of the Company and its subsidiaries’ endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of Company’s net worth as stated in its latest financial statement audited or reviewed by the accountant.</p> <p>.....</p>	<p>1. The Company shall make a public announcement on the amount of its endorsements and/or guarantees on or before the 10th date of each month. In addition, in the event that the amount meets of the following standards, the Company shall make a separate public announcement within 2 days:</p> <p>.....</p> <p>(3)The balance of the Company and its subsidiaries’ endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>book value of equity-accounted investees</u> investment of a long term nature in, and balance of loans to, such enterprise reaches 30 percent or more of Company’s net worth as stated in its latest financial statement audited or reviewed by the accountant.</p> <p>.....</p>	To comply with the Regulation update.
Article 14	<p>.....</p> <p>3. When the Company submits the Procedures for Endorsements/Guarantees to discuss in the board of directors and makes endorsements/guarantees for the Board of Directors’ approval, the board shall fully take each individual director’s opinions into consideration and record each director’s reasons for pros and cons in the minutes.</p>	<p>.....</p> <p>3. When the Company <u>makes endorsements/guarantees for others and</u> submits the Procedures for Endorsements/Guarantees to discuss in the board of directors and makes endorsements/guarantees for the Board of Directors’ approval, the board shall fully take each individual director’s opinions into consideration and record each director’s reasons for pros and cons in the minutes.</p>	To comply with the Company’s operational needs.

Items	Original Version	Amended Version	Reason
Article 15	<p>If the Company makes the endorsement and/or guarantee later becomes unqualified under Article 2, the Company shall discharge the endorsement and/or guarantee amount or the amount in excess within a designated period pursuant to an internal plan and enforce the plan accordingly. The above timeframe shall be reported to the Audit Committee and Board of Directors.</p> <p>If the Company makes the endorsement and/or guarantee and later the endorsement and/or guarantee amount exceeds the limit under the Procedure due to the change of the calculation basis, the Company shall discharge the endorsement and/or guarantee amount in excess within a designated period pursuant to an internal plan and enforce the plan accordingly. The above timeframe shall be reported to the Audit Committee and the Board of Directors.</p>	<p><u>1.</u> If the Company makes the endorsement and/or guarantee later becomes unqualified under Article 2, the Company shall discharge the endorsement and/or guarantee amount or the amount in excess within a designated period pursuant to an internal plan and enforce the <u>rectification</u> plan accordingly. The above timeframe shall be reported to the Audit Committee and Board of Directors.</p> <p><u>2.</u> If the Company makes the endorsement and/or guarantee and later the endorsement and/or guarantee amount exceeds the limit under the Procedure due to the change of the calculation basis, the Company shall discharge the endorsement and/or guarantee amount in excess within a designated period pursuant to an internal plan and enforce the <u>rectification</u> plan accordingly. The above timeframe shall be reported to the Audit Committee and the Board of Directors.</p>	To comply with the Company's operational needs.
Article 16	<p>If the Company plans to provide significant endorsement and/or significant guarantee for other parties, the plan shall be approved by more than half members of all the Audit Committee and submitted to Board of Directors for resolution.</p> <p>If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors minutes.</p> <p>The Audit Committee members in first paragraph and the Board of Directors members in preceding</p>	<p><u>1.</u> If the Company plans to provide significant endorsement and/or significant guarantee for other parties, the plan shall be approved by more than half members of all the Audit Committee and submitted to Board of Directors for resolution.</p> <p><u>2.</u> If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors minutes.</p> <p><u>3.</u> The Audit Committee members in first paragraph and the Board</p>	To comply with the Regulation update and the Company's operational needs.

Items	Original Version	Amended Version	Reason
Article 16	paragraph will only calculate the members in present position.	of Directors members in <u>this Article and Article 17</u> preceding paragraph will only calculate the members in present position.	To comply with the Regulation update and the Company's operational needs.
Article 17	The Procedures, as well as any revision thereto, shall be approved by the Audit Committee pursuant to related regulations, and submitted to the Board of Directors for resolution and later be effective after approved by the shareholders' meeting. If a director holds dissenting opinions and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to the Audit Committee and the shareholders' meeting for discussion.	<p><u>1. The Procedures, as well as any revision thereto, shall be approved by more than half members of all the Audit Committee pursuant to related regulations, and submitted to the Board of Directors for resolution and later be effective after approved by the shareholders' meeting. If a director holds dissenting opinions and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to the Audit Committee and the shareholders' meeting for discussion.</u></p> <p><u>2. If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors minutes.</u></p>	To comply with the Regulation update.
Article 18	..... The 9 th amendment was made on June 14, 2018.	..... The 9 th amendment was made on June 14, 2018. <u>The 10th amendment was made on June 12, 2019.</u>	Correspondence to the amendment date.

Appendix 15

Wistron Corporation Procedures Governing Endorsements and Guarantees

All endorsements and guarantees made by the Company shall comply with the Procedure.

Article 1 Scope of Endorsement and/or Guarantee

The term “endorsement and/or guarantee” used in the Procedure is defined as follows:

1. Financial endorsement and/or guarantee, including:
 - (1) Discounted bill financing;
 - (2) Endorsement or guarantee made for the financing needs of other companies;
 - (3) Issuing negotiable instruments for the purpose of providing guarantee to obtain finance for its own businesses to an entity other than the financial institutions.
2. Custom duty endorsement and/or guarantee, which shall mean endorsement or guarantee for the Company itself or other companies in respect of the custom duty matters.
3. Other endorsement and/or guarantee, which shall mean other endorsement or guarantee which cannot be included in the above two categories.
4. When the Company creates a pledge or mortgage on its chattel or real estate as a collateral for the loans of another Company, the collateral shall also be the subject of the Procedure.

Article 2 Applicability

1. The Company may provide endorsement and or guarantee for the following companies and if it is necessary, the securities shall be obtained:
 - (1) The companies with which it has business relations.
 - (2) Subsidiaries in which the Company directly and indirectly holds more than 50% of its total outstanding common shares.
 - (3) The Company and its subsidiaries on a consolidated basis hold more than 50% of its total outstanding common shares.
 - (4) For companies that are jointly invested by the Company or through its subsidiary, and all shareholders of such companies make endorsements and/or guarantees in proportion to their respective shareholding. The above said shareholding means the Company makes direct shareholding or through a company in which it holds 100% of its total outstanding common shares.
2. Each of the companies, in which the Company holds more than 90% shareholding directly or indirectly, may make endorsement and guarantee for each other. The amount shall not exceed 10% of the net worth of the Company. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.

Article 3 Standard for Endorsement and/or Guarantee Assessment

In the event the Company provides endorsements and/or guarantees by reason of business relations, the aggregate amount of the endorsements and/or guarantees shall not exceed the net worth of total trading amount between the two companies in the most recent year. The net worth of total trading amount between two companies hereby means the total purchases or sales whichever is higher.

Article 4 Limits on Endorsements and/or Guarantees

1. The aggregate amount of endorsements and/or guarantees of the Company shall not exceed the net worth of the latest financial statement audited or reviewed by the accountant.
2. The limits to any single enterprise of the Company shall not exceed 30% of the net worth of the latest financial statement audited or reviewed by the accountant.
3. The limits of the Company and its subsidiaries' endorsements/guarantees shall not exceed the Company's net worth of the latest financial statement audited or reviewed by the accountant.
4. The limits of the Company and its subsidiaries' endorsements/guarantees to any single enterprise shall not exceed 30% of the Company's net worth of the latest financial statement audited or reviewed by the accountant.

Article 5 Procedures for Processing Endorsements and/or Guarantees

1. The requesting enterprise shall file an endorsement and/or guarantee application form, whereby, name of the Company, type of endorsement and/or guarantee, risks evaluation, amount, content, the condition and date for discharging the obligations of the endorser and/or guarantor shall be included and it will have to be filed with the Chairman of financial department for approval. And then the Chairman of the board shall ratify for implementation, provided, it is within the specified amount, if it is above the specified amount, it will have to be filed with the Board of Director for approval.
2. Upon the expiration date of the endorsement and/or guarantee, the endorsement and/or guarantee shall be terminated automatically. Before the expiration date, the endorsed and/or guaranteed enterprise shall file a cancellation form in order to terminate the endorsement and/or guarantee earlier.

Article 6 Procedures for Ratification

1. When an enterprise applies for an endorsement and/or guarantee from the Company, it shall submit concrete description of necessity and reasonableness and the financial department will determine whether to accept the application or not.

2. Besides, the financial department shall make an impact assessment based on the possibility of operation risk, financial condition and shareholder's rights and interests after endorsement and/or guarantee and submit an opinion statement to the Board of Directors for approval.
3. The Company may base on the applicant's credit report and decide whether to request the endorsee or guarantee to provide the same amount of Banker's acceptance or secure a collateral equivalent to the endorsement and/or guarantee amount. The financial department shall evaluate and mark the value of the collateral.
4. If the endorsement and/or guarantee is provided to the company's subsidiary whose net worth is less than one-half of its paid-in capital, the subsidiary shall also provide a plan including detail schedule to improve its net worth upon applying an endorsement/guarantee. If the net worth is still less than one-half of the paid-in capital when the plan ends, the endorsement and/or guarantee shall be terminated immediately. The above termination shall be reported to the Audit Committee and the Board of Directors.

Article 7 Internal Control Procedure of the Company's Subsidiaries

1. When any subsidiaries not categorized as domestic public companies and their directly or indirectly held subsidiaries plan to provide endorsements and/or guarantees to other parties, the Company shall order it to enact Procedures Governing Endorsement and Guarantee in accordance to the Procedure, file with the Board of Directors of the Company for recordation and handle the matters under its enacted Procedures. And relevant information of the endorsements/guarantees extended by the Company's subsidiaries should be provided regularly to the Company for inspection.
2. When any subsidiaries in which the Company holds more than 90% of the voting shares directly or indirectly plan to provide endorsements and/or guarantees in accordance of Article 2-2, the proposal shall be submitted to the Board of Directors of the Company for approval. The endorsements and/or guarantees provided to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.

Article 8 Safekeeping of the Corporate Chop and Procedures

1. The Company shall use the Corporate Chop registered with the Ministry of Economic Affairs for the use of endorsements and/or guarantees (hereinafter, the "Chop"). The Chop shall be under the safekeeping of special personnel appointed by the Chairman of the board and submit to the Board of Director for approval. The re-appointment of the special personnel shall follow the same procedure. The Chop may be used to issue negotiable instruments only following proper internal procedures.
2. When the Company provides guarantees in favor of a foreign Company, the personnel who are authorized by the Board of Directors shall sign the guarantee agreement.

Article 9 Decision Making and Authorization

The Board of Directors of the Company shall approve the making of endorsements and/or guarantees, however, the Board of Directors may authorize the Chairman of the Board to decide such matters when the transaction is within a specified amount and then submit such matter to the Board of Directors for ratification.

Article 10 Standards for Public Announcement

1. The Company shall make a public announcement on the amount of its endorsements and/or guarantees on or before the 10th date of each month. In addition, in the event that the amount meets of the following standards, the Company shall make a separate public announcement within 2 days:
 - (1) The aggregate balance of the Company and its subsidiaries' endorsements/guarantees reaches 50 percent or more of Company's net worth as stated in its latest financial statement audited or reviewed by the accountant.
 - (2) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches 20 percent or more of Company's net worth as stated in its latest financial statement audited or reviewed by the accountant.
 - (3) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement audited or reviewed by the accountant.
 - (4) The balance of the Company and its subsidiaries' new endorsements/guarantees reaches NT\$30 million or more and the aggregate amount of all endorsements/guarantees reaches 5 percent or more of Company's net worth as stated in its latest financial statement audited or reviewed by the accountant.
2. The Company shall announce and report on behalf of any subsidiary not categorized as domestic public companies and their directly or indirectly held subsidiaries any matters that such subsidiary is required to announce and report pursuant to the fourth subparagraph of the preceding paragraph.

Article 11 Punishment for Violation of the Procedure

When employees and personnel of the Company violate the Procedure, they will be punished according to the Company's "Personnel Administration Regulation" and related statutory regulations.

Article 12 The Company shall evaluate the contingency loss from the endorsements and/or guarantees and disclose the information in the financial report appropriately and provide the same to the CPA for his proceeding with the necessary audit procedure and issuing the proper audit report.

- Article 13** 1. The Company shall prepare a registry containing the subject of the endorsements/guarantees, the amount of the endorsements/guarantees, the passing date of the Board of Directors, the ratification date of the Chairman of the board, the date of the endorsements/guarantees and all the evaluation issues according to the Procedure.
2. The internal verification personnel of the Company shall verify the Procedure and its implementation and make a report in writing for record. If there is significant violation, the personnel shall inform the Audit Committee in writing.

- Article 14** 1. Due to business relations, it is necessary that the aggregate amount of endorsements and/or guarantees of the Company exceed the limited amount specified in the Procedure and the applicants' other conditions qualify the criterion of the Procedure. Under the circumstance, the Board of Directors shall approve the making of endorsement and/or guarantee and majority of the directors shall sign as guarantors for the contingency loss and the Procedure shall be modified and submitted to the shareholder meeting for confirmation thereafter. If the shareholder meeting does not approve it, the Company shall make a plan to eliminate such exceeding amount within certain period of time.
2. When the Board of Directors discusses the above issue, the directors shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes.
3. When the Company submits the Procedures for Endorsements/Guarantees to discuss in the board of directors and makes endorsements/guarantees for the Board of Directors' approval, the board shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes.

Article 15 If the Company makes the endorsement and/or guarantee later becomes unqualified under Article 2, the Company shall discharge the endorsement and/or guarantee amount or the amount in excess within a designated period pursuant to an internal plan and enforce the plan accordingly. The above timeframe shall be reported to the Audit Committee and Board of Directors.

If the Company makes the endorsement and/or guarantee and later the endorsement and/or guarantee amount exceeds the limit under the Procedure due to the change of the calculation basis, the Company shall discharge the endorsement and/or guarantee amount in excess within a designated period pursuant to an internal plan and enforce the plan accordingly. The above timeframe shall be reported to the Audit Committee and the Board of Directors.

Article 16 If the Company plan to provide significant endorsement and/or significant guarantee for other parties, the plan shall be approved by more than half members of all the Audit Committee and submitted to Board of Directors for resolution.

If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors minutes.

The Audit Committee members in first paragraph and the Board of Directors members in preceding paragraph will only calculate the members in present position.

Article 17 The Procedures, as well as any revision thereto, shall be approved by the Audit Committee pursuant to related regulations, and submitted to the Board of Directors for resolution and later be effective after approved by the shareholders' meeting. If a director holds dissenting opinions and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to the Audit Committee and the shareholders' meeting for discussion.

Article 18 The Procedure was enacted on June 7, 2002

The 1st amendment was made on June 17, 2003

The 2nd amendment was made on June 16, 2004

The 3rd amendment was made on June 25, 2008

The 4th amendment was made on June 23, 2009

The 5th amendment was made on June 18, 2010

The 6th amendment was made on June 14, 2013

The 7th amendment was made on June 11, 2014.

The 8th amendment was made on June 26, 2015.

The 9th amendment was made on June 14, 2018.

Appendix 16

Wistron Corporation Shareholdings of Directors

(As of April 14, 2019)

<u>Title</u>	<u>Name</u>	<u>Number of Shares</u>
Chairman	Simon Lin (Hsien-Ming Lin)	43,599,252
Director	Robert Huang (Po-Tuan Huang)	10,416,628
Director	Wistron NeWeb Corp. Representative: Haydn Hsieh (Hong-Po Hsieh)	28,796,209
Director	Philip Peng (Chin-Bing Peng)	92,870
Independent Director	Jack Chen (YuLiang Chen)	0
Independent Director	S. J. Paul Chien (Shyur-Jen Chien)	0
Independent Director	C.H. Chen (Che-Hsiung Chen)	0
Independent Director	Christopher Chang (Liang-Chi Chang)	0
Independent Director	Sam Lee (Ming-Shan Lee)	0
Total		<u>82,904,959</u>

The total issued common shares of Wistron are 2,842,121,950 shares. Pursuant to Article 2 of the “Examination and Implementation Rules for Shareholding Percentage of Directors and Supervisors of Public Offering Companies,” elected independent directors of the Company (5 seats) are more than half of all directors (9 seats), and in accordance with the law regarding establishment of the Audit Committee, the shareholding of the directors and supervisors does not need to follow the minimum holding requirement.



wistron