

wistron®

# Wistron Corporation

## 2014 Annual General Shareholders' Meeting Meeting Agenda(Translation)

<http://www.wistron.com>

Held on June 11, 2014



***DISCLAIMER***

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2014 ANNUAL SHAREHOLDERS' MEETING (THE "AGENDA") OF WISTRON CORPORATION (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

## INDEX

A. Rules and Procedures of Shareholders' Meeting .....	1
B. Meeting Procedures .....	4
C. Meeting Agenda .....	5
D. Report Items .....	6
E. Ratification and Discussion Items .....	7
F. Appendices	
1. Business Report and Financial Statements for Year 2013 .....	19
2. Audit Committee's Report .....	32
3. Codes of Ethical Conduct .....	33
4. Ethical Corporate Management Best Practice Principles .....	39
5. Profit Appropriation Statement for Year 2013 .....	44
6. Articles of Incorporation .....	45
7. Comparison Between Original and Amendments to "Procedures of Asset Acquisition and Disposal" .....	52
8. Procedures of Asset Acquisition and Disposal .....	61
9. Procedures Governing Loaning of Funds .....	80
10. Procedures Governing Endorsements and Guarantees .....	86
11. Relevant Information on Employee Bonus and Remuneration to Directors .....	93
12. Impact of Stock Dividend Issuance on the Company's Business Performance, Earnings per Share and Return on Shareholders' Investment .....	94
13. Shareholdings of Directors .....	95

## **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 1<sup>st</sup> amendment was made on June 21, 2012.  
The 2<sup>nd</sup> 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 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) Extemporaneous Motion
- (7) Adjournment

## Meeting Agenda

**Time:** 9:00a.m., June 11, 2014

**Venue:** National Taiwan University Hospital International Convention Center.  
(Room 401, 4F, No. 2, Xuzhou Road, Zhongzheng District , Taipei, Taiwan)

### **I. Report Items**

1. Report the business of 2013
2. Audit Committee's report
3. Report the correction of remuneration to directors for Year 2012
4. Establishment of the Company's "Codes of Ethical Conduct"
5. Establishment of the Company's "Ethical Corporate Management Best Practice Principles"

### **II. Ratification and Discussion Items**

1. Ratification of the Business Report and Financial Statements of 2013
2. Ratification of the proposal for distribution of 2013 profits
3. Discussion of the capitalization of part of 2013 profits and employee bonus through issuance of new shares
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. Extemporary Motions**

### **IV. Adjournment**



## Report Items

1. **Business Report of Year 2013** (Please refer to Appendix 1, pages 19-21.)
2. **Audit Committee's Report** (Please refer to Appendix 2, page 32.)
3. **Report the correction of remuneration to directors for Year 2012**

Description:

- (1) The distribution of 2012 profits was approved by the Annual Shareholders' Meeting on June 14, 2013. However, the Company omitted the influence of special reserve in calculating the remuneration to directors as NT\$59,997,877. The Company's board of meeting had approved the correction of remuneration of directors to NT\$39,489,294 on July 1, 2013, which was corresponded to 1% of profit from the current year in the Articles of Incorporation. The abovementioned correction was duly filed with the FSC (Financial Supervisory Commission) and the registration was effective on July 11, 2013.
  - (2) The purpose of this report is to declare the abovementioned correction had no impact on the shareholders' dividend and bonus approved in the Annual Shareholders' Meeting of 2013. The Company amended the notes to distribution of 2012 profits only.
4. **Establishment of the Company's "Codes of Ethical Conduct"** (Please refer to Appendix 3, pages 33-38.)
  5. **Establishment of the Company's "Ethical Corporate Management Best Practice Principles"** (Please refer to Appendix 4, pages 39-43.)

## **Ratification and Discussion Items**

**ITEM 1:      Ratification of the Business Report and Financial Statements of 2013**

Proposal:      Submission (by the BOD) of the Company's 2013 business report and financial statements for ratification.

Details:

Submission for ratification of the Company's business report and financial statements for 2013 (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 19-31.)

## **ITEM 2: Ratification of the proposal for distribution of 2013 profits**

Proposal: Submission (by the BOD) of the proposal for 2013 earnings distribution for ratification.

Details:

1. The undistributed surplus at the beginning of the year 2013 is NT\$10,660,778,047, plus the effect of transition to Taiwan-IFRSs of NT\$124,991,696, so the undistributed surplus at the beginning of the year 2013 under IFRSs is NT\$10,785,769,743. After adding up the actuarial gains of NT\$22,254,125, and deducting the retirement of treasury stock of NT\$489,967,473 and deducting capital surplus and unappropriated earnings resulting from equity-accounted investees of NT\$68,438,148, then adding up the net income after tax for year 2013 is NT\$5,751,340,605 and deducting the legal reverse of NT\$575,134,061, and adding up the reversal in special reserve of NT\$1,054,211,338, therefore the total amount eligible for distribution earnings is NT\$16,480,036,129. The dividends and bonus proposed to be allocated to the shareholders amount to NT\$4,756,320,568, including NT\$475,632,060 in stock dividend (NT\$0.2 per share at par value) and NT\$4,280,688,508 in cash dividend (NT\$1.8 per share).
2. After the adoption of the resolution at the Shareholders' Meeting, the power with respect to setting the Ex-Rights and Ex-Dividend date and other relevant matters is reserved for the Board of Directors.
3. With respect to the dividends and bonus to shareholders as earnings, the calculation of the shareholder's deductible tax amount proportion shall be made separately.
4. In the event that, before the Ex-Rights and 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 stock shares for transfer or cancellation, issuance of new shares to its employees as a result of their exercise of stock options, unsecured overseas convertible bonds converting into common shares, capital increase by cash, capital increase by issuance of GDR, etc.), which results in changes in shareholder's allotment of shares or dividend-payout ratio, the Board of Directors is to be authorized to make necessary adjustments at its full discretion.
5. Please refer to Appendix 5, page 44 for the Profit Appropriation Statement for Year 2013.
6. Submission for ratification.

**ITEM 3: Discussion of the capitalization of part of 2013 profits and employee bonus through issuance of new shares**

Proposal: Submission (by the BOD) for discussion of a resolution that the Company issues new shares through capitalization of the 2013 earnings and employee bonus.

Details:

1. For the future development of business, the Company is proposing to set aside shareholder's dividends and bonus of NT\$475,632,060 from distributable earnings in 2013 to increase the capital by issuing 47,563,206 shares. In addition, NT\$617,695,820 of employee bonus shall increase the capital of the Company through issuance new common stocks. The total number of employee bonus stocks to be issued shall be determined by the closing price of the day before the AGM date, and taking into account the influence of the ex-right and ex-dividend factors. Employee bonuses of less than one share shall be distributed in cash.
2. Upon the approval for the aforesaid proposal from the competent authority, shareholders' dividends and bonus of NT\$475,632,060, each shareholder will be entitled to receive 20 surplus earning shares per 1,000 shares (tentative calculation) held by such shareholder based on the name and shares registered in the shareholder roster on the Ex-Rights date. Shareholders are advised to consolidate their fractional shares of less than one share to make up one share by their own means for registration within five days as of the Ex-Rights date; otherwise the fractional shares shall be paid in cash (rounding down to the nearest NT dollar) by the par value and purchased by persons designated by the Chairman as authorized.
3. The new issuing shares from the capital increase possess identical obligations and rights as the original shares.
4. After the adoption of the Shareholders' Meeting, the BOD is authorized to carry out the matter regarding the setting of the Ex-Rights date for new shares from capital increase.
5. In the event that, before the Ex-Rights date, the capitalization proposal 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 stock shares for transfer or cancellation, issuance of new shares to its employees as a result of their exercise of stock options, unsecured overseas convertible bonds converting into common shares, capital increase by cash, capital increase by issuance of GDR, etc.), which results in changes in shareholder's allotment of shares, the Board of Directors is to be authorized to make necessary adjustments at its full discretion.
6. 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, it is proposed to make amendments to the “Articles of Incorporation.” Please see below for a comparison table of the original provisions and amendments.
2. Please discuss.

**Comparison Between Original and Amendments to  
“Articles of Incorporation”**

Items	Original Version	Amendment Version	Reason
Article 16	<p>If the Company has profit as a result of the yearly accounting closing, 10% of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reversed special reserve, shall be set aside (hereinafter referred to as “profit from the current year”), along with any undistributed profits accumulated from previous years to be identified as profits to be distributed, in accordance with the Securities and Exchange Act. The balance, if any, will be distributed in accordance with the following:</p> <ol style="list-style-type: none"> <li>1. No less than 5 percent of profit from the current year as employees’ bonus shall be included; where such bonus is distributed by shares, employees of controlled companies, with qualifications set by the Board of Directors;</li> <li>2. One percent (1%) of profit from the current year as the remuneration in cash to the Directors;</li> <li>3. The rest as working capital of the Company and dividends to shareholders.</li> </ol>	<p>If the Company has profit as a result of the yearly accounting closing, 10% of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reversed special reserve, shall be set aside (hereinafter referred to as “profit from the current year”), along with any undistributed profits accumulated from previous years to be identified as profits to be distributed, in accordance with the Securities and Exchange Act. The balance, if any, will be distributed in accordance with the following:</p> <ol style="list-style-type: none"> <li>1. No less than 5 percent of profit from the current year as employees’ bonus shall be included; where such bonus is distributed by shares, employees of controlled companies, with qualifications set by the Board of Directors;</li> <li>2. One percent (1%) of profit from the current year as the remuneration in cash to the Directors;</li> <li>3. The rest as working capital of the Company and <u>not less than ten percent (10%) of profit from the</u></li> </ol>	To comply with concrete dividend policy.

Items	Original Version	Amendment Version	Reason
		<u>current year distributed as dividends to shareholders.</u>	
Article 19	..... The 16 <sup>th</sup> amendment was made on June 14, 2013.	..... The 16 <sup>th</sup> amendment was made on June 14, 2013. <u>The 17<sup>th</sup> amendment was made on June 11, 2014.</u>	Correspondence to the amendment date.

**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 and the operational needs of the Company, it is proposed to make amendments to the “Procedures of Assets Acquisition and Disposal”. (Please refer to Appendix 7, pages 52-60 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 meet the operational needs of the Company, it is proposed to make amendments to the “Procedures Governing Loaning of Funds”.
2. Please discuss.

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

Items	Original Version	Amendment Version	Reason
Article 5	<p>Procedures for handling loans of funds</p> <p>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 Chief of Staff Office. After facilitating the evaluation and credit checking, the financial division will report to the Board of Director for approval.</p> <p>.....</p>	<p>Procedures for handling loans of funds</p> <p>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 <del>Chief of Staff Office</del>. After facilitating the evaluation and credit checking, the financial <u>department</u> <del>division</del> will report to the Board of Director for approval. <u>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.</u></p> <p>.....</p>	To comply with the Company’s operational needs.
Article 6	<p>Procedures for Ratification</p> <p>1. When the Borrower applies for a loan from the Company, it shall submit concrete description of necessity and reasonableness and the financial division will determine whether to accept the application or not.</p> <p>2. The financial division will be in charge of the credit checking and risk evaluation of the Borrower. For those cases with good credit and justifiable purposes, the personnel in</p>	<p>Procedures for Ratification</p> <p>1. When the Borrower applies for a loan from the Company, it shall submit concrete description of necessity and reasonableness and the financial <u>department</u> <del>division</del> will determine whether to accept the application or not.</p> <p><del>2. The financial division will be in charge of the credit checking and risk evaluation of the Borrower. For those cases with good credit and justifiable purposes, the</del></p>	To comply with the Company’s operational needs.



Items	Original Version	Amendment Version	Reason
Article 6	<p>charge shall prepare a credit check result and opinion report and devise the criterion of the loan of funds and file with the Board of Directors for approval.</p> <p>3. Besides, the financial division 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 incorporated with credit report to the Board of Directors for approval.</p> <p>4. When the Borrower 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 division shall evaluate and mark the value of the collateral.</p>	<p><del>personnel in charge shall prepare a credit check result and opinion report and devise the criterion of the loan of funds and file with the Board of Directors for approval.</del></p> <p><u>2.3.</u> Besides, the financial <u>department</u> <del>division</del> 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 <del>incorporated with credit report</del> to the Board of Directors for approval.</p> <p><u>3.4.</u> When the Borrower, <u>except for the subsidiaries which the Company directly and indirectly holds more than 50% of the voting shares,</u> 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 <u>department</u> <del>division</del> shall evaluate and mark the value of the collateral.</p>	To comply with the Company's operational needs.
Article 8	<p>Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights</p> <p>1. ....</p> <p>2. After appropriating the fund, financial division shall examine the financial status, business status and related credit status of the Borrower and guarantor, and if there is any collateral provided, financial division 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.</p> <p>.....</p>	<p>Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights</p> <p>1. ....</p> <p>2. After appropriating the fund, financial <u>department</u> <del>division</del> shall examine the financial status, business status and related credit status of the Borrower and guarantor, and if there is any collateral provided, financial division 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</p>	To comply with the Company's operational needs.

Items	Original Version	Amendment Version	Reason
		and handle the matters under his instructions. .....	
Article 17	..... The 4 <sup>th</sup> amendment was made on June 14, 2013.	..... The 4 <sup>th</sup> amendment was made on June 14, 2013. <u>The 5<sup>th</sup> amendment was made on June 11, 2014.</u>	Correspondence to the amendment date.

**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 meet the operational needs of the Company, it is proposed to make amendments to the “Procedures Governing Endorsements and Guarantees”.
2. Please discuss.

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

Items	Original Version	Amendment Version	Reason
Article 5	<p>Procedures for Processing Endorsements and/or Guarantees</p> <p>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 division 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.</p> <p>.....</p>	<p>Procedures for Processing Endorsements and/or Guarantees</p> <p>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 <u>department</u> <del>division</del> 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.</p> <p>.....</p>	To comply with the Company’s operational needs.
Article 6	<p>Procedures for Ratification</p> <p>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 division will determine whether to accept the application or not.</p> <p>2. The financial division will be in charge of the credit checking and risk evaluation of the endorsed and/or guaranteed enterprise. For</p>	<p>Procedures for Ratification</p> <p>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 <u>department</u> <del>division</del> will determine whether to accept the application or not.</p> <p><del>2. The financial division will be in charge of the credit checking and risk evaluation of the endorsed</del></p>	To comply with the Company’s operational needs.

Items	Original Version	Amendment Version	Reason
Article 6	<p>those cases with good credit and justifiable purposes, the personnel in charge shall prepare a credit check result and opinion report and devise the criterion of the endorsement and/or guarantee and file with the Board of Directors for approval.</p> <p>3. Besides, the financial division 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 incorporated with credit report to the Board of Directors for approval.</p> <p>4. 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 division shall evaluate and mark the value of the collateral.</p> <p>5. 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.</p>	<p><del>and/or guaranteed enterprise. For those cases with good credit and justifiable purposes, the personnel in charge shall prepare a credit check result and opinion report and devise the criterion of the endorsement and/or guarantee and file with the Board of Directors for approval.</del></p> <p><u>2.3.</u> Besides, the financial <u>department division</u> 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 <del>incorporated with credit report</del> to the Board of Directors for approval.</p> <p><u>3.4.</u> 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 <u>department division</u> shall evaluate and mark the value of the collateral.</p> <p><u>4.5.</u> 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.</p>	To comply with the Company's operational needs.
Article 18	<p>.....</p> <p>The 6<sup>th</sup> amendment was made on June 14, 2013.</p>	<p>.....</p> <p>The 6<sup>th</sup> amendment was made on June 14, 2013.</p>	Correspondence to the amendment

Items	Original Version	Amendment Version	Reason
Article 18		<u>The 7<sup>th</sup> amendment was made on June 11, 2014.</u>	date.

**Voting by Poll**

**Extemporary Motion**

**Adjournment**

## Appendix 1

### Wistron Corporation Business Report

On behalf of all Wistron employees, first I wish to express my appreciation to all of our shareholders--your continuous support inspires us to excel.

Last year, with the widespread acceptance of smart terminal device and mobile network, the IT industry experienced a global market migration from PC to smart terminal device, which resulted in slow growth and demand declines in consumer markets (e.g. notebook and LCD-TV). For Wistron, the revenue slightly declined compared with previous year although the company was continuously focused on the customer and product portfolio optimization, risk management enhancement, and operation efficiency improvement.

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

In 2013, Wistron's consolidated revenue reached NT\$624 billion, and consolidated operating profit was NT\$6.1 billion. The consolidated profit before tax reached NT\$7.9 billion and consolidated net profit was NT\$5.8 billion. Meanwhile, the earnings per share was NT\$2.51.

From the operation management point of view, while confronting strong competition in the IT industry and marketing requiring migration from PC to Tablet, Wistron continued to improve material cost management and production efficiency in 2013. However, the consequences of slow growth and demand declines in consumer markets (e.g. notebook and LCD-TV) did impact Wistron's manufacturing capacity utilization rate. As a result, our revenue, gross margin and operating income decreased compared with previous year. The operating expenses also increased in R&D investment for new business and new product line developments in order to cope with competition and market changes.

In 2013, Wistron's key growth drivers were the smart terminal device (including mobile handheld device and Tablet), while the notebook and LCD-TV demand was weak and the other product lines maintained the same level compared with previous year. From the customer and marketing point of view, the smart terminal device and cloud service market continued stable growth while the traditional consumer market (e.g. notebook and LCD-TV) showed slow demand. Wistron also changed the organization structure and continued optimizing customer and product portfolios in order to reduce the impact from the slow demand in the consumer market.

In addition, we continued publishing the “Wistron Corporate Social Responsibility Report” to show our participation and care for green environment and social responsibility activities.

### **Business and Operation Focus**

To cope with the impact of continuous global economic recession, the market migration from PC to Tablet, and the increasing operating costs at China manufacturing bases, we will strengthen our market and customer management, and improve operation efficiency in order to enhance operation effectiveness and profit. For 2014, our major focus is 1) enhance operation efficiency and competitiveness, and 2) add value in product innovation and service.

Operation efficiency enhancement emphasizes design simplification, manufacturing automation, inventory management control, and manufacturing efficiency optimization. The “Value-added Innovation” initiative is to create the new business models with more add-on value for customers and enhance product competitiveness to improve the profit margin. The “Value-added Service” initiative is to expand service business with diversified services and add-on value, increase the scope of after-sales service business, and develop more new opportunities for other related technology service businesses.

For business and product direction, in response to the continuous growth in smart terminal device market and the slow market growth in traditional consumer market (e.g. notebook and LCD-TV), Wistron will accelerate the adjustment in our business portfolio and optimize the resource utilization to enhance competitiveness. In addition, we will have strategic investments into other higher value businesses and product portfolios like smart-phones, tablets, cloud service solutions, green-recycling business, display technology and applications, the vertical integration of touch technology, network storage, industrial application devices, and smart TVs. These directions should reduce portfolio risk and impact from slow end-user demands in the consumer market.

### **Outlook for the Future**

Looking forward, while smart terminal devices and the cloud service market continues to grow, the global economy is showing uncertainty for recovery and the traditional IT industry is expected to show slower growth. Besides operation efficiency enhancement, we will continue to drive value-added innovations and services (such as after-sales service, green recycling and cloud product/service) as the key differentiators. In addition, as part of our overall efforts for corporate social responsibility, we are paying special attention to “Green House Gas (GHG) Control” and will quicken the new business development in recycling technology and applications.

Wistron's "Corporate beliefs" are customer focus, integrity, innovation, and pursuit of excellence. We are confident that our dedication in operations, discipline in financial management, high standards in product quality and cost controls, and our strong commitment to innovation and customer partnership should enable Wistron to increase our competitiveness and allow us to deliver good performance.

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

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





安侯建業聯合會計師事務所

KPMG

台北市11049信義路5段7號68樓(台北101大樓)  
68F, TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei, 11049, Taiwan, R.O.C.

Telephone 電話 + 886 (2) 8101 6666  
Fax 傳真 + 886 (2) 8101 6667  
Internet 網址 www.kpmg.com.tw

## Independent Auditors' Report

The Board of Directors  
Wistron Corporation:

We have audited the accompanying balance sheets of Wistron Corporation (the "Company") as of January 1, December 31, 2012 and December 31, 2013, the related statements of comprehensive income, changes in equity and cash flows, for the years ended December 31, 2012 and 2013. These parent-company-only financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these parent-company-only financial statements based on our audits.

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

In our opinion, the parent-company-only financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Wistron Corporation as of January 1, December 31, 2012 and December 31, 2013, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

Taipei, Taiwan (the Republic of China)  
March 25, 2014

### Note to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers". The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.

(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION

BALANCE SHEETS

December 31, 2013, December 31 and January 1, 2012  
(amounts expressed in thousands of New Taiwan Dollars)

	January 1, 2012	December 31, 2012	December 31, 2013	January 1, 2012	December 31, 2012	December 31, 2013
Assets						
<b>Current assets:</b>						
Cash and cash equivalents (note 6(a))	\$ 12,925,794	17,358,699	11,879,253	\$ 39,812,278	50,158,945	32,632,550
Financial assets at fair value through profit or loss – current (note 6(b))	7,174	1,624	101,665	2,206	25,764	1,527
Notes and accounts receivable, net (note 6(e))	71,228,719	57,976,137	43,993,489	41,014,826	40,524,959	34,903,335
Accounts receivable – related parties (note 7)	44,935,853	39,741,307	56,927,146	42,299,944	20,206,052	24,473,831
Other receivables – related parties (note 7)	1,230,567	3,611,177	8,047,683	1,674,398	1,361,193	1,777,623
Current tax assets	536,898	536,357	217,361	2,180,151	1,488,526	1,849,126
Inventories (note 6(d))	6,600,989	6,147,360	6,049,526	-	606,886	2,012,000
Other assets – current (notes 6(c)(h))	2,971,556	3,974,979	3,621,870	-	7,764,909	8,046,804
Total current assets	140,437,550	129,347,640	130,837,993	136,356,824	122,137,234	105,696,796
<b>Non-current assets:</b>						
Available-for-sale financial assets – noncurrent (note 6(b))	1,766,827	1,709,985	1,696,262	-	249,623	22,205
Financial assets carried at cost – noncurrent (note 6(b))	537,585	534,145	595,098	-	7,182,735	7,972,109
Equity-accounted investees (note 6(e))	46,732,935	56,109,891	62,342,252	-	3,007,424	20,053,014
Property, plant and equipment (notes 6(f) and 7)	7,380,314	7,245,970	7,233,232	3,383,161	4,212,741	4,683,881
Intangible assets (note 6(g))	1,649,625	1,536,237	1,547,588	700,009	908,401	2,536,790
Deferred tax assets (note 6(o))	1,484,627	1,726,315	1,736,093	4,083,170	15,857,924	35,267,999
Other assets – noncurrent (notes 6(t) and 8)	1,244,778	1,407,121	1,163,226	-	137,695,158	140,964,795
Total non-current assets	60,796,691	70,269,664	76,313,751	140,439,994	149,964,795	207,151,744
Total assets	\$ 201,234,241	199,617,304	207,151,744	\$ 201,234,241	199,617,304	207,151,744
Liabilities and Equity						
<b>Current liabilities:</b>						
Short-term borrowings (note 6(i))						
Financial liabilities at fair value through profit or loss – current (note 6(b))						
Notes and accounts payable						
Accounts payable – related parties (note 7)						
Other payable – related parties (note 7)						
Provisions (note 6(i))						
Current portion of long-term borrowings (note 6(j))						
Other liabilities – current						
Total current liabilities						
<b>Non-current liabilities:</b>						
Financial liabilities at fair value through profit or loss – noncurrent (notes 6(b)(k))						
Bonds payable (note 6(k))						
Long-term borrowings (note 6(j))						
Deferred tax liabilities (note 6(o))						
Other liabilities – noncurrent (note 6(n))						
Total non-current liabilities						
Total liabilities						
<b>Equity (notes 6(o)(p)(q)):</b>						
Capital stock						
Capital surplus						
Retained earnings						
Other equity						
Treasury stock						
Total equity						
Total equity and liabilities						

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2013

(amounts expressed in thousands of New Taiwan Dollars, except for earnings per common share)

	<u>2012</u>	<u>2013</u>
Net revenues (notes 6(s) and 7)	\$ 598,758,593	539,784,508
Cost of sales (notes 6(d)(f)(g)(l)(m)(n)(p)(q), 7 and 12)	<u>576,231,110</u>	<u>516,527,885</u>
Gross profit	<u>22,527,483</u>	<u>23,256,623</u>
Unrealized inter-company profits	<u>(20,652)</u>	<u>(15,921)</u>
Realized gross profit	<u>22,506,831</u>	<u>23,240,702</u>
Operating expenses (notes 6(c)(f)(g)(m)(n)(p)(q), 7 and 12):		
Selling	3,920,821	4,335,422
Administrative	1,651,667	1,883,961
Research and development	<u>11,233,686</u>	<u>12,294,542</u>
Total operating expenses	<u>16,806,174</u>	<u>18,513,925</u>
Operating income	<u>5,700,657</u>	<u>4,726,777</u>
Non-operating income and expenses:		
Other income (notes 6(t) and 7)	186,699	276,347
Other gain and loss (notes 6(k)(t) and 7)	1,009,922	1,058,928
Finance costs (notes 6(k)(t))	<u>(1,384,841)</u>	<u>(1,455,461)</u>
Recognized share of profit of subsidiaries, associates and joint ventures accounted for equity method (note 6(e))	<u>3,213,800</u>	<u>2,770,312</u>
Total non-operating income and expenses	<u>3,025,580</u>	<u>2,650,126</u>
Profit before tax	8,726,237	7,376,903
Income tax expenses (note 6 (o))	<u>1,470,857</u>	<u>1,625,562</u>
Profit	<u>7,255,380</u>	<u>5,751,341</u>
Other comprehensive income (notes 6(o)(p)):		
Exchange differences on translation of financial statements	(1,806,943)	1,452,417
Unrealized loss on available-for-sale financial assets	(135,642)	(108,284)
Share of other comprehensive income of subsidiaries, associates and joint ventures	24,708	(223,460)
Income tax expense related to components of other comprehensive income	<u>(16,362)</u>	<u>(14,347)</u>
Other comprehensive income, net of tax	<u>(1,901,515)</u>	<u>1,135,020</u>
Total comprehensive income	<u>\$ 5,353,865</u>	<u>6,886,361</u>
Earnings per share (in dollars), after tax (note 6(r)):		
Basic earnings per share	<u>\$ 3.17</u>	<u>2.51</u>
Diluted earnings per share	<u>\$ 2.71</u>	<u>2.40</u>

See accompanying notes to parent-company-only financial statements.



(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2013  
(amounts expressed in thousands of New Taiwan Dollars)

	Retained earnings				Other equity				Total equity			
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Retained earnings subtotal	Exchange differences on transition of financial statements	Unrealized gain (loss) on available-for-sale financial assets		Other unearned compensation for restricted employee shares of stock	Other equity Subtotal	Treasury stock
Balance at January 1, 2012	\$ 20,849,972	19,147,403	4,655,472	3,287,455	15,638,565	23,581,492	(1,441,163)	(560,138)	-	(2,001,301)	(783,319)	60,794,247
Profit for 2012	-	-	-	-	7,255,380	7,255,380	-	-	-	-	-	7,255,380
Total other comprehensive income	-	-	-	-	(1,496)	(1,496)	(1,837,944)	(62,075)	-	(1,900,019)	-	(1,901,515)
Total comprehensive income	-	-	-	-	7,253,884	7,253,884	(1,837,944)	(62,075)	-	(1,900,019)	-	5,353,865
Appropriation of 2011 earnings in 2012 (note 1)	-	-	-	-	(906,503)	-	-	-	-	-	-	-
Legal reserve	-	-	906,503	-	(4,572,826)	(4,572,826)	-	-	-	-	-	(4,572,826)
Cash dividends	-	-	-	-	(1,039,279)	(1,039,279)	-	-	-	-	-	-
Stock dividends to shareholders	1,039,279	-	-	-	1,495,549	-	-	-	-	-	-	-
Special reserve	-	-	-	(1,495,549)	-	-	-	-	-	-	-	-
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	859	-	-	(1,097)	(1,097)	-	-	-	-	-	(238)
Issuance of common stock arising from exercise of bonds conversion options	2,431	9,554	-	-	-	-	-	-	-	-	-	11,985
Treasury stock transferred to employees	-	(611)	-	-	-	-	-	-	-	-	5,784	5,173
Issuance of common stock arising from exercise of employee stock options	87,750	242,190	-	-	-	-	-	-	-	-	-	329,940
Balance at December 31, 2012	21,979,432	19,399,395	5,561,975	1,791,906	17,868,293	25,222,174	(3,279,107)	(622,213)	-	(3,901,320)	(777,535)	61,922,146
Profit for 2013	-	-	-	-	5,751,341	5,751,341	1,327,693	(214,927)	-	1,112,766	-	5,751,341
Total other comprehensive income	-	-	-	-	22,254	22,254	1,327,693	(214,927)	-	1,112,766	-	1,135,020
Total comprehensive income for the period	-	-	-	-	5,773,595	5,773,595	1,327,693	(214,927)	-	1,112,766	-	6,886,361
Appropriation of 2012 earnings in 2013 (note 2)	-	-	-	-	(666,643)	-	-	-	-	-	-	-
Legal reserve	-	-	666,643	-	(2,050,859)	(2,050,859)	-	-	-	-	-	-
Special reserve	-	-	-	2,050,859	(3,273,767)	(3,273,767)	-	-	-	-	-	(3,273,767)
Cash dividends	-	-	-	-	(1,091,255)	(1,091,255)	-	-	-	-	-	-
Stock dividends to shareholders	1,091,255	-	-	-	-	-	-	-	-	-	-	640,002
Stock dividends as employee bonus	235,036	404,966	-	-	-	-	-	-	-	-	-	640,002
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	132	-	-	(68,438)	(68,438)	-	-	-	-	-	(68,438)
Issuance of common stock arising from exercise of employee stock options	2,510	4,934	-	-	-	-	-	-	-	-	-	7,444
Issuance of restricted employee shares of stock	627,950	(24,760)	-	-	-	-	-	-	(603,190)	(603,190)	-	73,069
Compensation cost arising from restricted employee shares of stock	-	-	-	-	-	-	-	-	73,069	73,069	-	73,069
Retirement of treasury stock	(154,580)	(132,988)	-	-	(489,967)	(489,967)	-	-	(530,121)	(530,121)	777,535	66,186,949
Balance at December 31, 2013	\$ 23,781,603	19,651,679	6,228,618	3,842,765	16,000,959	26,072,342	(1,951,414)	(832,140)	-	(3,318,675)	-	66,186,949

(note 1): The employee bonus of NT\$1,087,480 and directors' and supervisors' emoluments of NT\$81,585 appropriated from 2011 earnings have been deducted in 2011 profit.

(note 2): The employee bonus of NT\$640,002 and directors' and supervisors' emoluments of NT\$39,489 appropriated from 2012 earnings have been deducted in 2012 profit.

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2013

(amounts expressed in thousands of New Taiwan Dollars)

	2012	2013
Cash flows from operating activities:	\$ 8,726,237	7,376,903
Profit before tax		
Adjustments to reconcile profit to net cash provided by (used in) operating activities:		
Depreciation (including depreciation of investment property)	2,761,234	2,970,366
Amortization	391,023	361,022
Net profit or loss of financial assets and liabilities at fair value through profit or loss	(987,590)	(351,695)
Interest expense	1,384,841	1,455,461
Interest income	(22,620)	(101,077)
Compensation cost arising from restricted employee shares of stock	-	73,069
Share of profit of equity-accounted investees and cash dividends received	(2,955,698)	(2,591,701)
Loss on disposal of property, plant and equipment, net	(607)	886
Property, plant and equipment— noncurrent transferred to expense	163	458
Gain on disposal of investments	(6,354)	(81,312)
Unrealized inter-company profits	20,652	15,921
Other non-current assets transferred to expense	-	8,936
Exchange difference of bonds payable	(225,903)	223,524
	<u>359,141</u>	<u>1,983,858</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	13,252,582	13,982,647
Notes and accounts receivable— related parties	5,194,546	(17,185,839)
Other receivable— related parties	(2,002)	2,001
Inventories	453,629	97,834
Other assets— current	(1,317,372)	354,530
<b>Total changes in assets</b>	<u>17,581,383</u>	<u>(2,748,827)</u>
Changes in operating liabilities:		
Notes and accounts payable	(489,869)	(5,621,626)
Notes and accounts payable— related parties	(22,093,892)	4,267,779
Other payable— related parties	(313,205)	416,430
Provision— current	(691,625)	360,600
Other liabilities— current	(2,387,579)	943,840
Other liabilities— noncurrent	(6,868)	(23,925)
<b>Total changes in operating liabilities</b>	<u>(25,983,038)</u>	<u>343,098</u>
Net changes in operating assets and liabilities	<u>(8,401,655)</u>	<u>(2,405,729)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(8,042,514)</u>	<u>(421,871)</u>
Cash generated from operating activities	683,723	6,955,032
Interest receivable	21,063	101,379
Interest paid	(845,764)	(860,106)
Income tax paid	(50,389)	(899,220)
<b>Net cash from (used in) operating activities</b>	<u>(191,367)</u>	<u>5,297,085</u>
Cash flows from investing activities:		
Increase in non-trade receivables from related parties	(2,376,888)	(4,440,228)
Decrease in available-for-sale financial assets— current	-	3,800
Proceeds from disposal of available-for-sale financial assets— noncurrent	24,723	152,123
Increase in available-for-sale financial assets— noncurrent	(88,928)	(128,274)
Increase in financial assets carried at cost— noncurrent	(30,948)	(70,456)
Proceeds from return of financial assets carried at cost	34,387	31,514
Increase in equity-accounted investees	(7,947,253)	(2,541,947)
Additions to property, plant and equipment	(580,528)	(1,071,764)
Proceeds from disposal of property, plant and equipment	55,438	8,641
Additions to intangible assets	(272,204)	(372,373)
Increase in other assets— noncurrent	(2,259,660)	(1,660,867)
<b>Net cash flows used in investing activities</b>	<u>(13,441,861)</u>	<u>(10,089,831)</u>
Cash flows from financing activities:		
Increase (decrease) of borrowings	10,346,667	(17,526,395)
Issuance of debt securities in the form of bonds	8,277,119	-
Repurchase of convertible bonds	(146,510)	-
Increase in long-term borrowings	3,614,310	19,338,686
Decrease in long-term borrowings	-	(887,982)
Increase in deposits received	212,260	1,655,314
Cash dividends to shareholders	(4,572,826)	(3,273,767)
Issuance of common stock arising from exercise of employee stock options	329,940	7,444
Treasury stock transferred to employees	5,173	-
<b>Net cash flows from (used in) financing activities</b>	<u>18,066,133</u>	<u>(686,700)</u>
Net increase (decrease) in cash and cash equivalents	4,432,905	(5,479,446)
Cash and cash equivalents at beginning of the period	12,925,794	17,358,699
Cash and cash equivalents at end of the period	<u>\$ 17,358,699</u>	<u>11,879,253</u>

See accompanying notes to parent-company-only financial statements.



安侯建業聯合會計師事務所

KPMG

台北市11049信義路5段7號68樓(台北101大樓)  
68F, TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei, 11049, Taiwan, R.O.C.

Telephone 電話 + 886 (2) 8101 6666  
Fax 傳真 + 886 (2) 8101 6667  
Internet 網址 www.kpmg.com.tw

## Independent Auditors' Report

The Board of Directors  
Wistron Corporation:

We have audited the accompanying consolidated balance sheets of Wistron Corporation (the "Company") and subsidiaries as of January 1, December 31, 2012 and December 31, 2013, the related consolidated statements of comprehensive income, changes in equity and cash flows, for the years ended December 31, 2012 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company and subsidiaries as of January 1, December 31, 2012 and December 31, 2013, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations approved by the Financial Supervisory Commission, R.O.C.

We have audited the parent-company-only financial statements as of January 1, December 31, 2012 and December 31, 2013, and for the years ended December 31, 2012 and 2013, on which we have expressed an unqualified opinion.

Taipei, Taiwan (the Republic of China)  
March 25, 2014

### Note to Readers

The accompanying consolidated financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations approved by the Financial Supervisory Commission, ROC. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China. The auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.



## (English Translation of Financial Report Originally Issued in Chinese)

## WISTRON CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

December 31, 2013, December 31 and January 1, 2012  
(amounts expressed in thousands of New Taiwan Dollars)

	January 1, 2012	December 31, 2012	December 31, 2013
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents (note 6(i))	\$ 45,560,293	72,579,429	70,086,875
Financial assets at fair value through profit or loss — current (note 6(b))	8,036	6,867	824,030
Available-for-sale financial assets — current (note 6(b))	370	3,005	26,513
Notes and accounts receivable, net (note 6(e))	102,757,371	93,386,828	85,352,992
Accounts receivable — related parties (note 7)	13,251,582	318,214	711,319
Other receivables — related parties (note 7)	30,397	3,065	7,251
Current tax assets	949,652	672,922	372,748
Inventories (note 6(d))	39,398,331	46,223,710	49,985,441
Other assets — current (notes 6(c)(h))	4,826,468	6,821,829	8,939,253
<b>Total current assets</b>	<b>206,782,500</b>	<b>220,015,869</b>	<b>216,306,422</b>
<b>Non-current assets:</b>			
Available-for-sale financial assets — noncurrent (note 6(b))	1,991,494	2,018,921	1,870,437
Financial assets carried at cost — noncurrent (note 6(b))	710,454	674,100	700,525
Equity-accounted investees (note 6(e))	5,407,161	5,264,822	5,476,999
Property, plant and equipment (notes 6(f) and 8)	26,808,837	34,164,424	35,928,027
Intangible assets (note 6(g))	1,676,038	1,588,351	1,677,975
Deferred tax assets (note 6(o))	2,226,973	2,567,082	3,161,830
Other assets — noncurrent (notes 6(h)(n) and 8)	9,103,260	6,800,544	5,419,559
<b>Total non-current assets</b>	<b>47,924,217</b>	<b>53,075,244</b>	<b>54,235,352</b>
	<b>\$ 254,706,717</b>	<b>273,091,113</b>	<b>270,541,774</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Short-term borrowings (note 6(i))	\$ 55,987,148	76,326,956	54,552,893
Financial liabilities at fair value through profit or loss — current (note 6(b))	2,206	26,129	415,698
Notes and accounts payable	98,141,155	101,880,266	91,553,094
Accounts payable — related parties (note 7)	19,812,268	2,721,262	3,904,358
Other payable — related parties (note 7)	82,508	47,432	88,093
Provisions (note 6(i))	2,186,668	1,490,545	1,859,245
Current portion of long-term borrowings (notes 6(j) and 8)	22,253	684,086	2,519,619
Other liabilities — current	12,953,866	11,687,058	13,455,939
<b>Current liabilities</b>	<b>189,188,072</b>	<b>194,863,734</b>	<b>168,348,939</b>
<b>Non-current liabilities:</b>			
Financial liabilities at fair value through profit or loss — noncurrent (notes 6(b)(k))	-	249,623	22,205
Bonds payable (note 6(k))	-	7,182,735	7,972,109
Long-term borrowings (notes 6(j) and 8)	493,075	3,628,755	20,368,292
Deferred tax liabilities (note 6(o))	3,401,906	4,263,507	4,785,164
Other liabilities — noncurrent (note 6(n))	829,417	975,082	2,849,047
<b>Non-current liabilities</b>	<b>4,724,398</b>	<b>16,299,702</b>	<b>35,956,817</b>
<b>Total liabilities</b>	<b>193,912,470</b>	<b>211,163,436</b>	<b>204,345,756</b>
<b>Equity (notes 6(o)(p)(q))</b>			
Capital stock	20,849,972	21,979,432	23,781,603
Capital surplus	19,147,403	19,399,395	19,651,679
Retained earnings	23,581,492	25,222,174	26,072,342
Other equity	(2,001,301)	(3,901,320)	(3,318,675)
Treasury stock	(783,319)	(777,533)	-
Equity attributable to owners of the Company	60,794,247	61,922,146	66,186,949
Non-controlling interests	-	5,531	9,069
<b>Total equity</b>	<b>60,794,247</b>	<b>61,927,677</b>	<b>66,196,018</b>
<b>Total equity and liabilities</b>	<b>\$ 254,706,717</b>	<b>273,091,113</b>	<b>270,541,774</b>

(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2013

(amounts expressed in thousands of New Taiwan Dollars, except for earnings per common share)

	<u>2012</u>	<u>2013</u>
Net revenues (notes 6(s) and 7)	\$ 657,844,636	624,009,073
Cost of sales (notes 6(d)(f)(g)(l)(m)(n)(p)(q), 7 and 12)	<u>628,045,087</u>	<u>593,806,022</u>
Gross profit	<u>29,799,549</u>	<u>30,203,051</u>
Operating expenses (notes 6(c)(f)(g)(m)(n)(p)(q), 7 and 12)		
Selling	7,796,165	8,956,231
Administrative	1,810,803	2,193,606
Research and development	<u>11,959,210</u>	<u>12,967,288</u>
Total operating expenses	<u>21,566,178</u>	<u>24,117,125</u>
Operating income	<u>8,233,371</u>	<u>6,085,926</u>
Non-operating income and expenses:		
Other income (notes 6(t) and 7)	1,744,644	1,582,941
Other gain and loss (notes 6(k)(t) and 7)	1,408,515	1,851,417
Finance costs (notes 6(k)(t))	(1,857,040)	(2,017,697)
Recognized share of profit of associates and joint ventures accounted for equity method (note 6(e))	<u>248,619</u>	<u>412,600</u>
Total non-operating income and expenses	<u>1,544,738</u>	<u>1,829,261</u>
Profit before tax	9,778,109	7,915,187
Tax expenses (note 6(o))	<u>2,528,233</u>	<u>2,160,459</u>
Profit	<u>7,249,876</u>	<u>5,754,728</u>
Other comprehensive income (notes 6(o)(p))		
Exchange differences on translation of financial statements	(1,793,131)	1,282,078
Unrealized gain (loss) on available-for-sale financial assets	(65,345)	(246,956)
Share of other comprehensive income of associates and joint ventures	(59,401)	85,507
Income tax expense related to components of other comprehensive income	<u>(16,362)</u>	<u>(14,347)</u>
Other comprehensive income, net of tax	<u>(1,901,515)</u>	<u>1,134,976</u>
Total comprehensive income	<u>\$ 5,348,361</u>	<u>6,889,704</u>
Profit attributable to:		
Owners of the Company	7,255,380	5,751,341
Non-controlling interests	<u>(5,504)</u>	<u>3,387</u>
Profit	<u>\$ 7,249,876</u>	<u>5,754,728</u>
Total comprehensive income attributable to:		
Owners of the Company	5,353,865	6,886,361
Non-controlling interests	<u>(5,504)</u>	<u>3,343</u>
Total comprehensive income	<u>\$ 5,348,361</u>	<u>6,889,704</u>
Earnings per share (in dollars), after tax (note 6(r))		
Basic earnings per share	<u>\$ 3.17</u>	<u>2.51</u>
Diluted earnings per share	<u>\$ 2.71</u>	<u>2.40</u>

See accompanying notes to consolidated financial statements.



(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2013  
(amounts expressed in thousands of New Taiwan Dollars)

	Attributable to owners of the Company												
	Retained earnings					Other equity					Non-controlling interests		
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Retained earnings subtotal	Exchange differences on translation of financial statements	Unrealized gain (loss) on available-for-sale financial assets	Other unearned compensation for restricted employee shares of stock	Other equity subtotal		Treasury stock	Total
Balance at January 1, 2012	\$ 20,849,972	19,147,403	4,655,472	3,287,455	15,638,565	7,581,492	(1,441,163)	(560,138)	-	(2,001,301)	(783,319)	60,794,247	60,794,247
Profit	-	-	-	-	7,255,380	7,255,380	(1,837,944)	(62,073)	-	(1,900,019)	-	7,255,380	7,249,876
Total other comprehensive income	-	-	-	-	(1,496)	(1,496)	(1,837,944)	(62,073)	-	(1,900,019)	-	(1,901,515)	(1,901,515)
Total comprehensive income	-	-	-	-	7,253,884	7,253,884	(1,837,944)	(62,073)	-	(1,900,019)	-	5,353,865	5,348,361
Appropriation of 2011 earnings in 2012	-	-	906,503	-	(906,503)	-	-	-	-	-	-	-	-
Legal reserve	-	-	906,503	-	(906,503)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,572,826)	(4,572,826)	-	-	-	-	-	(4,572,826)	(4,572,826)
Stock dividends to shareholders	1,039,279	-	-	-	(1,039,279)	(1,039,279)	-	-	-	-	-	-	-
Special reserve	-	-	-	(1,495,549)	1,495,549	-	-	-	-	-	-	-	-
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	859	-	-	(1,097)	(1,097)	-	-	-	-	-	(238)	(238)
Issuance of common stock arising from exercise of bonds conversion options	2,431	9,554	-	-	-	-	-	-	-	-	-	11,985	11,985
Treasury stock transferred to employees	-	(611)	-	-	-	-	-	-	-	-	5,784	5,173	5,173
Issuance of common stock arising from exercise of employee stock options	87,750	242,190	-	-	-	-	-	-	-	-	-	329,940	329,940
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	11,035	11,035
Balance at December 31, 2012	\$ 21,979,432	19,399,395	5,561,975	1,791,906	17,868,293	25,222,174	(3,279,107)	(622,213)	-	(3,901,320)	(777,535)	61,922,146	61,927,677
Profit	-	-	-	-	5,751,341	5,751,341	1,327,693	(214,927)	-	1,112,766	-	5,751,341	5,754,728
Total other comprehensive income	-	-	-	-	22,254	22,254	1,327,693	(214,927)	-	1,112,766	-	1,135,020	1,134,976
Total comprehensive income	-	-	-	-	5,773,595	5,773,595	1,327,693	(214,927)	-	1,112,766	-	6,886,361	6,889,704
Appropriation of 2012 earnings in 2013	-	-	666,643	-	(666,643)	-	-	-	-	-	-	-	-
Legal reserve	-	-	666,643	-	(666,643)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,050,859	(2,050,859)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,273,767)	(3,273,767)	-	-	-	-	-	(3,273,767)	(3,273,767)
Stock dividends to shareholders	1,091,255	-	-	-	(1,091,255)	(1,091,255)	-	-	-	-	-	640,002	640,002
Stock dividends as employee bonus	235,036	404,966	-	-	-	-	-	-	-	-	-	640,002	640,002
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	132	-	-	(68,438)	(68,438)	-	-	-	-	-	(68,306)	(68,306)
Issuance of common stock arising from exercise of employee stock options	2,510	4,934	-	-	-	-	-	-	-	-	-	7,444	7,444
Issuance of restricted employee shares of stock	627,950	(24,760)	-	-	-	-	-	-	(603,190)	(603,190)	-	73,069	73,069
Compensation cost arising from restricted employee shares of stock	-	-	-	-	(489,967)	(489,967)	-	-	73,069	73,069	777,535	73,069	73,069
Retirement of treasury stock	(154,580)	(132,988)	-	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	195	195
Balance at December 31, 2013	\$ 23,781,603	19,651,679	6,228,618	3,842,765	16,000,959	26,072,342	(1,951,414)	(637,140)	(550,121)	(3,318,675)	-	66,186,949	66,196,618

(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2013

(amounts expressed in thousands of New Taiwan Dollars)

	2012	2013
Cash flows from operating activities:		
Profit before tax	\$ 9,778,109	7,915,187
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	6,410,478	7,514,343
Amortization	407,015	389,685
Net profit or loss of financial assets and liabilities at fair value through profit or loss	(991,703)	(652,486)
Interest expense	1,857,040	2,017,697
Interest income	(1,542,164)	(1,355,838)
Compensation cost arising from restricted employee shares of stock		
Share of profit of equity-accounted investees and cash dividends received	21,007	(226,037)
Loss on disposal of property, plant and equipment, net	76,080	10,928
Loss on disposal of intangible asset	6	-
Property, plant and equipment transferred to expense	3,280	230,124
Other asset—noncurrent transferred to expense	-	48,569
Gain on disposal of investments	(6,512)	(51,741)
Exchange difference of bonds payable	(225,903)	223,524
Compensation cost arising from restricted employee shares of stock	-	73,069
	<u>6,008,624</u>	<u>8,221,837</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	8,126,665	9,005,316
Notes and accounts receivable—related parties	8,409,059	1,895,446
Other receivable—related parties	(63,198)	65,977
Inventories	(8,252,781)	(2,693,833)
Other assets—current	(1,753,025)	(2,121,112)
Total changes in assets	<u>6,466,720</u>	<u>6,151,794</u>
Changes in operating liabilities:		
Notes and accounts payable	6,023,951	(12,011,386)
Notes and accounts payable—related parties	(12,060,785)	(1,672,619)
Other payable—related parties	24,853	(118,186)
Provision—current	(614,860)	324,353
Other liabilities—current	(2,338,627)	2,244,105
Other liabilities—noncurrent	34,242	(13,539)
Total changes in operating liabilities	<u>(8,931,226)</u>	<u>(11,247,272)</u>
Net changes in operating assets and liabilities	<u>(2,464,506)</u>	<u>(5,095,478)</u>
Total changes in operating assets and liabilities	<u>3,544,118</u>	<u>3,126,359</u>
Cash generated from operating activities	13,322,227	11,041,546
Interest received	1,459,104	1,416,770
Interest paid	(1,291,844)	(1,517,466)
Income tax paid	(1,391,071)	(1,806,300)
Net cash from operating activities	<u>12,098,416</u>	<u>9,134,550</u>
Cash flows from investing activities:		
Decrease (increase) in non-trade receivables from related parties	27,332	(4,186)
Increase in available-for-sale financial assets—current	(2,598)	(19,706)
Proceeds from disposal of available-for-sale financial assets—noncurrent	24,723	152,123
Increase in available-for-sale financial assets—noncurrent	(88,928)	(128,274)
Increase in financial assets carried at cost—noncurrent	(48,821)	(71,501)
Proceeds from return of financial assets carried at cost	67,649	37,322
Increase in equity-accounted investees	(16,334)	(47,952)
Acquisition of subsidiaries, net of cash acquired	-	24,982
Proceeds from disposal of subsidiaries	-	(17,416)
Proceeds from return of equity-accounted investees	65,161	-
Additions to property, plant and equipment	(7,950,920)	(4,811,782)
Proceeds from disposal of property, plant and equipment	878,104	267,038
Additions to intangible assets	(288,895)	(475,517)
Proceeds from disposal of intangible assets	3,127	-
Increase in other assets—noncurrent	(5,198,600)	(2,922,795)
Net cash flows used in investing activities	<u>(12,529,000)</u>	<u>(8,017,664)</u>
Cash flows from financing activities:		
Increase (decrease) of borrowings	21,115,076	(22,460,388)
Issuance of debt securities in the form of bonds	8,277,119	-
Repurchase of convertible bonds	(146,510)	-
Increase in long-term borrowings	3,889,740	19,636,556
Decrease in long-term borrowings	-	(952,401)
Increase in deposits received	189,487	1,901,646
Cash dividends to shareholders	(4,572,826)	(3,273,767)
Issuance of common stock arising from exercise of employee stock options	329,940	7,444
Treasury stock transferred to employees	5,173	-
Increase in non-controlling interests	5,000	-
Grants income	188	3,382
Net cash flows from (used in) financing activities	<u>29,092,387</u>	<u>(5,137,528)</u>
Effect of exchange rate changes	(1,642,667)	1,528,088
Net increase (decrease) in cash and cash equivalents	<u>27,019,136</u>	<u>(2,492,554)</u>
Cash and cash equivalents at beginning of the period	45,560,293	72,579,429
Cash and cash equivalents at end of the period	<u>\$ 72,579,429</u>	<u>70,086,875</u>

See accompanying notes to consolidated financial statements.

**Appendix 2**

**Audit Committee's Report**

The Board of Directors has prepared the Company's 2013 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 :

A handwritten signature in black ink, appearing to read "Michael Zin", written over a horizontal line.

March 25, 2014

## Appendix 3

### **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 directors of the Company (including independent directors, and shall be true in the following), managers, and employees (hereinafter as Relevant Personnel) employed or entrusted by the Company.

#### 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 shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.
- (2) When one uses information related to the Company itself or its suppliers and customers, one shall not contravene the acts, laws and regulations, or the Company's policies and procedures on the protection of confidential information.
- (3) One shall treat suppliers and customers, the competing companies and employees on a fair and equal basis, and shall 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 shall 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 shall recuse from any conflict that will result in the conflict of personal and the Company's interest.
  - (7) One shall not participate or instigate others to proceed in activities or relationships that might cause harm to job loyalty or professional judgment.
  - (8) One shall 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 shall not commit any acts that will damage the reputation of the Company.
  - (10) One shall comply with the national acts, rules and regulations. One shall 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 restrain, and that one will abide by the Codes without violating general conventions.

When Relevant Personnel cannot determine whether an action or a circumstance meets 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 head supervisors of human resources department (suitable for Relevant Personnel who are not directors), or the Board of Directors (suitable for directors) 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 Relevant Personnel in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, or relatives within the third degree of kinship, or unable to perform their duties in an objective and efficient manner.

(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 meet the recusal policy on the conflict of interest, the chairman (suitable for directors) or the head supervisors of human resources department (suitable for Relevant Personnel who are not directors), together with the involved Relevant Personnel's head supervisor 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) for authorization, or pass the case to the Board of Directors (suitable for directors) to handle.

Article 5 Giving Presents and Treats as Part of Business Routine

1. To maintain the highest standard for ethical conduct, one shall not accept or give any presents, cash gifts, treats from suppliers, contractors, customers, 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 shall 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 shall 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 shall not exceed and can only be equivalent of NTD\$6,000 as the maximum limit.
  - (3) If one shall accept a present in the fear that refusal might be inappropriate, and such present temporarily accepted has exceeded the value stated in Paragraph 2.(1) of Article 5, such present shall be handed to the chief secretary of the Employee Welfare Committee within seven days of acceptance for disposition.
  - (4) One shall 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 shall be done in accordance to the aforementioned Paragraph 1 under Article 5, and abide by the following rules:
  - a. Write down what the presents were for and the presents shall contain the name of the Company.
  - b. 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 shall 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 comply with the following basic principles:

1. It should be done pursuant to the Political Donations Act and relevant acts, rules and regulations 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 shall 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 shall 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 comply with the following basic principles:

1. It should be done pursuant to relevant acts, rules and regulations and internal operation procedures, and shall 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 shall be done only after the chairman's approval notwithstanding the amount of such donation or sponsorship.

Article 8 The Execution for Codes of Ethical Conduct

1. To complete the management of honest business operation, the administration and the human resources department shall be responsible for honest business operation policies and the stipulation and supervisory execution of relevant measures and shall periodically report to the Board of Directors. Relevant units shall hold educational trainings and activities in promoting awareness to ensure that all Relevant Personnel understand, accept and will comply with and enforce these Codes of Ethical Conduct.
2. All Relevant Personnel shall keep alert in any action that might contravene the Codes of Ethical Conduct. When in doubt or discover any action that will breach the Codes of Ethical Conduct, they have the responsibility to report to supervisors or the Board of Directors. When necessary, one can directly report to the head supervisors of human resources department, the head supervisors of audit department, the chairman or through the employee complaint channels. When Relevant Personnel report an action



that contravenes the Codes of Ethical Conduct or involves in the investigation process that ensues as a result in the report by Relevant Personnel, the Company shall provide them protection so that they will not be treated unjustly or prevent from retaliation.

3. When a manager or employee contravenes the Codes of Ethical Conduct, the Company shall take actions including dismissal or termination of entrustment in accordance to the relevant regulations in the “Enforcement Guidelines for the Reward and Punishment of Employees”.
4. When the Director commits an act that contravenes the Codes of Ethical Conduct, it shall be handed to the Board of Directors for further investigation and disposition.
5. For those who are involved with the Company’s business operation and who also contravene the principles of Integrity and freedom from corruption, the Company shall strictly dispose of such case, and shall decrease or cancel the business relationship with aforementioned companies depending on the gravity of the situation. Such cases will be handed to judicial authorities for disposition.
6. Relevant Personnel shall continue to raise awareness and promote the Company’s Codes of Ethical Conduct to business operation departments or other companies that are involved in the business relationship with the Company, so that they understand and support the determination and polices of the Company’s honest business operation.

Article 9 Enforcement and Amendment

The Codes will be implemented after adoption by resolution of the Board of Directors, same as amendment, and will be delivered to the Shareholder Meeting for report.

The Codes were enacted on March 25<sup>th</sup>, 2014.

## Appendix 4

### Wistron Corporation

#### Ethical Corporate Management Best Practice Principles

- Article 1     **Purpose of adoption and scope of application**  
The Principles is promulgated to assist the Company to strengthen a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.  
In addition to juristic persons or institutions who already set up the Ethical Corporate Management Best Practice Principles or other internal rules, the Principles of the Company applicable to its business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("business group").
- Article 2     **Prohibition of unethical conduct**  
When engaging in commercial activities, directors, managers and employees of the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, or commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.  
Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, managers, employees or other interested parties.
- Article 3     **Types of benefits**  
"Benefits" in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4     **Compliance with applicable laws or regulations**  
The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, or TWSE/GTSM-listing rules, as the underlying basic premise to facilitate ethical corporate management.
- Article 5     **The policy**  
The Company shall abide by the operational philosophies of honesty,

transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 **Prevention measure**

The Company is advised to, in accordance with the operational philosophies and policies prescribed in the preceding article, establish in their own ethical corporate management best practice principle comprehensive programs to forestall unethical conduct ("prevention measure"), including operational procedures, guidelines, and training.

The Company set prevention measure should comply with the relevant laws of the Republic of China.

Article 7 **The range of prevention measure**

When establishing the prevention measure, the Company shall analyze which business activities within their business scope which may be at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention measure established by the Company shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.

Article 8 **Commission and implement**

The Company and the respective business group shall clearly specify ethical corporate management policies in their rules and external documents. The Board of Directors and the management level shall undertake to rigorously and thoroughly enforce such policies for internal management and external commercial activities.

Article 9 **Commercial transactions in ethical**

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

Article 10 **Prohibition of bribery**

When conducting business, the Company and directors, managers and employees, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, grease payments,

or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where the Company operate permit so.

Article 11 **Prohibition of offering illegal political donations**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and directors, managers and employees, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 **Prohibition of improper donations and sponsorship**

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

Article 13 **Prohibition of unreasonable presents, hospitality or other improper benefits**

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

Article 14 **Organization and responsibility**

The Board of Directors of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company advises Administration and Human Resource Department in charge of establishing and enforcing the ethical corporate management policies and prevention measure. If any material violation is discovered, the Company shall report to the Board of Directors.

Article 15 **Compliance with applicable laws or regulations when conducting business**

The Company and directors, managers and employees shall comply with laws and regulations and the prevention measure when conducting business.

Article 16 **Avoiding conflicts of interest of directors and managers**

The Company shall promulgate policies for preventing conflicts of interests and offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the company. The details according to "The Adoption of Codes of Ethical Conduct" of the Company.

The Company's directors shall exercise a high degree of self-discipline, a director may present his opinion and answer relevant questions but is prohibited from

participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper dealings.

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

**Article 17 Operational procedures and guidelines**

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers and employees on how to conduct business. The procedures and guidelines should at least contain the following matters:

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

**Article 18 Training and assessment**

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

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

**Article 19 Rewards, penalties, and complaints**

The Company shall have in place a formal channel for receiving reports on

unethical conduct and keep the reporter's identity and content of the report confidential.

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

Article 20 **Information disclosure**

The Company shall disclose the status of the enforcement of their own ethical corporate management best practice principles on their company websites, annual reports and prospectuses.

Article 21 **Review and improvement of the principles**

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

Article 22 **Enforcement**

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

Article 23 The Principles were enacted on March 25, 2014.

Appendix 5

**Wistron Corporation**  
**Profit Appropriation Statement for Year 2013**

Unit: NT\$

<b>Undistributed Surplus at the Beginning of the year</b>		<b>10,660,778,047</b>
Plus: Effect of Transition to Taiwan-IFRSs	124,991,696	
<b>Undistributed Surplus at the Beginning of the year under IFRSs</b>		<b>10,785,769,743</b>
Plus(Minus):		
Actuarial gains	22,254,125	
Retirement of treasury stock	(489,967,473)	
Capital surplus and unappropriated earnings resulting from equity-accounted investees	(68,438,148)	
Net Income After Tax	5,751,340,605	
Minus :		
Legal Reserve	(575,134,061)	
Plus :		
Reversal in Special Reserve	1,054,211,338	
<b>Distributable Earnings</b>		<b>16,480,036,129</b>
Distribution Items:		
Stock Dividends to Common Shareholders	(475,632,060)	
Cash Dividends to Common Shareholders	(4,280,688,508)	(4,756,320,568)
<b>Undistributed Earnings at the end of the Period</b>		<b>11,723,715,561</b>
Note :		
Bonus to Employees	617,695,820	
Remuneration to Directors	62,304,179	

Note1: Stock dividend: NT\$0.2 per share.

Note2: Cash dividend: NT\$1.8 per share, and the cash dividend is rounded down to the nearest NT dollars, the amount rounded off will be credited to other income of Wistron.

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

## Appendix 6

### 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
  - (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; and
- (7) Import/export trading business related to the above businesses.
- (8) R&D, development, design, manufacture (including module), testing and sales of LCD TVs and other audiovisual electric products. (can only be conducted outside Hsinchu Science Park).
- (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, physiological signal detection medical materials and medical information transmission system products, semi-finished products and their peripherals or components.

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 Thirty Billion New Taiwan Dollars (NTD 30,000,000,000), which is divided into Three Billion (3,000,000,000) 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 all of the 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.

#### **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, 10% of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reversed special reserve, shall be set aside (hereinafter referred to as "profit from the current year"), along with any undistributed profits accumulated from previous years to be identified as profits to be distributed, in accordance with the Securities and Exchange Act. The balance, if any, will be distributed in accordance with the following:

1. No less than 5 percent of profit from the current year as employees' bonus shall be included; where such bonus is distributed by shares, employees of controlled companies, with qualifications set by the Board of Directors;
2. One percent (1%) of profit from the current year as the remuneration in cash to the Directors;
3. The rest as working capital of the Company and dividends to shareholders.

## **Chapter VII Supplementary Provisions**

Article 17 In consideration that the Company is in a capital and technology-intensive industry and in consideration 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 1<sup>st</sup> amendment was made on June 16, 2001.

The 2<sup>nd</sup> amendment was made on November 3, 2001.

The 3<sup>rd</sup> amendment was made on December 17, 2001.

The 4<sup>th</sup> amendment was made on June 7, 2002.

The 5<sup>th</sup> amendment was made on June 17, 2003.

The 6<sup>th</sup> amendment was made on June 16, 2004.

The 7<sup>th</sup> amendment was made on June 16, 2004.

The 8<sup>th</sup> amendment was made on June 9, 2005.

The 9<sup>th</sup> amendment was made on June 8, 2006.

The 10<sup>th</sup> amendment was made on June 21, 2007.

The 11<sup>th</sup> amendment was made on June 25, 2008.

The 12<sup>th</sup> amendment was made on June 23, 2009.

The 13<sup>th</sup> amendment was made on June 18, 2010.

The 14<sup>th</sup> amendment was made on June 22, 2011.

The 15<sup>th</sup> amendment was made on June 21, 2012.

The 16<sup>th</sup> amendment was made on June 14, 2013.

## Appendix 7

### Comparison Between Original and Amendments to “Procedures of Asset Acquisition and Disposal”

Items	Original Version	Amendment Version	Reason
Article 2	<p>The term “assets” as used in the Procedures including:</p> <ol style="list-style-type: none"> <li>1. ....</li> <li>2. Real estate and other fixed assets.</li> <li>3. ....</li> <li>4. ....</li> <li>5. ....</li> <li>6. ....</li> <li>7. ....</li> </ol>	<p>The term “assets” as used in the Procedures including:</p> <ol style="list-style-type: none"> <li>1. ....</li> <li>2. Real estate <u>(including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory)</u> and equipment <del>other fixed assets</del>.</li> <li>3. ....</li> <li>4. ....</li> <li>5. ....</li> <li>6. ....</li> <li>7. ....</li> </ol>	To comply with the Regulation update.
Article 3	<p>Definitions</p> <ol style="list-style-type: none"> <li>1. ....</li> <li>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 six paragraph of Article 156 of Company Law.</li> <li>3. ....</li> <li>4. ....</li> <li>5. The term “professional appraiser” means a real estate appraiser or other according to laws engaged in real estate, other fixed assets valuation business.</li> <li>6. ....</li> <li>7. ....</li> </ol>	<p>Definitions</p> <ol style="list-style-type: none"> <li>1. ....</li> <li>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 <u>eight</u> <del>six</del> paragraph of Article 156 of Company Law.</li> <li>3. ....</li> <li>4. ....</li> <li>5. The term “professional appraiser” means a real estate appraiser or other according to laws engaged in real estate, <u>equipment</u> <del>other fixed assets</del> valuation business.</li> <li>6. ....</li> <li>.....</li> </ol>	To comply with the Regulation update.
Article 4	Procedures of Evaluation and Operation for the Acquisition or Disposition of Assets	Procedures of Evaluation and Operation for the Acquisition or Disposition of Assets	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
	<p>1.....</p> <p>2. For acquisition or disposition of real estates, other fixed assets, membership certificates, intangible assets, and assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws, the operating department shall submit items such as the reasons for the proposed acquisition or disposition, targeted assets, trading counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.</p> <p>3.....</p> <p>4.....</p>	<p>1.....</p> <p>2. For acquisition or disposition of real estates, <u>equipment</u> <del>other fixed assets</del>, 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.</p> <p>3.....</p> <p>4.....</p>	<p>To comply with the Regulation update.</p>
<p>Article 5</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 and other fixed assets shall be carried out by price comparison, price negotiation, or bidding. As to the price of real estate, it shall be determined by reference to the announced present value, appraised present value, and actual transaction price in the vicinity.</p> <p>(3) .....</p> <p>(4) .....</p> <p>2. Amount and Level of License</p> <p>.....</p> <p>(1) Unless otherwise provided below, the acquisition or disposition of securities shall be approved by the Board of Directors before its execution:</p> <p>(a).....</p> <p>(b).....</p> <p>(c) Short-term idle funds invested in short-term securities such as domestic government bonds, domestic bond funds, financial</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 and <u>equipment</u> <del>other fixed assets</del> 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) .....</p> <p>2. Amount and Level of License</p> <p>.....</p> <p>(1) Unless otherwise provided below, the acquisition or disposition of securities shall be approved by the Board of Directors before its execution:</p> <p>(a).....</p> <p>(b).....</p> <p>(c) Short-term idle funds invested in short-term securities such as domestic government</p>	<p>To comply with the Regulation update and the Company's operational needs.</p>



Items	Original Version	Amendment Version	Reason
	<p>bonds, American government bond and oversea bond fund with good credit rating, 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.</p> <p>(2).....</p> <p>(3)Acquisition or disposition of the Company and its subsidiary machinery and 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 other fixed assets; 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 license of acquisition or disposition of derivative products is enacted in accordance to the Company’s development of turnover and variation of risk position; it is effective after being approved by the chairman of the Board or his authorized officers, and must be ratified by the Board of Directors thereafter, this procedure also applies to any amendment.</p> <p>3. Operating Department</p>	<p>bonds, domestic bond funds, financial bonds, American government bond and oversea bond fund with good credit rating, <u>domestic money market funds</u>, 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.</p> <p>(2).....</p> <p>(3)Acquisition or disposition of the Company and its subsidiary <del>machinery and</del> 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 <u>equipment</u> <del>other fixed assets</del>; 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 <del>license of</del> acquisition or disposition of derivative products <u>shall be authorized to relevant personnel is enacted in accordance with to the “Rules and Procedures of Derivative Transactions”</u>, and shall report to <u>the meeting of Board of Directors</u> at least</p>	<p>To comply with the Regulation update and the Company’s operational needs.</p>

Items	Original Version	Amendment Version	Reason
	<p>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, other fixed assets, intangible assets, membership certificate and assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws.</p>	<p><del>quarterly. Company's development of turnover and variation of risk position; it is effective after being approved by the chairman of the Board or his authorized officers, and must be ratified by the Board of Directors thereafter, this procedure also applies to any amendment.</del></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, <u>equipment</u> <del>other fixed assets</del>, intangible assets, membership certificate and assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws.</p>	<p>To comply with the Regulation update and the Company's operational needs.</p>
Article 6	<p>Procedures of Announcement and Filing</p> <p>1. The acquisition or disposition of the Company's assets, provided below, shall be announced and filed to the 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:</p> <p>(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 certified by public accountant, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements.</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:</p> <p>(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 certified by public accountant, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale</p>	<p>To comply with the Regulation update.</p>

Items	Original Version	Amendment Version	Reason
	<p>(2).....  (3).....  (4)Except for asset transactions provided in the preceding three 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,  (c)machinery 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 not exceeded NT\$500 million,  .....</p>	<p>agreements, <u>or subscription or redemption of domestic money market funds.</u>  (2).....  (3).....  (4)Except for asset transactions provided in the preceding three 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, <u>or subscription or redemption of domestic money market funds,</u>  (c)<del>machinery</del>-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 not exceeded NT\$500 million,  .....</p>	<p>To comply with the Regulation update.</p>
Article 7	<p>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 total of shareholders' equity and long-term liabilities of the Company as certified by the accountant.  (2) Total investment in securities shall not exceed the shareholders' equity of the Company as certified by the accountant.  (3) Investment in a single security shall not exceed 40% of the</p>	<p>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 <u>equity attributable to owners of the Company</u> <del>total of shareholders' equity</del> and long-term liabilities of the Company <u>as the most recent financial report certified or reviewed</u> by the accountant.  (2) Total investment in securities shall not exceed <u>200% of the equity attributable to owners</u></p>	<p>To comply with the Regulation update and the Company's operational needs.</p>

Items	Original Version	Amendment Version	Reason
	<p>shareholders' equity of the Company as certified by the accountant.</p> <p>2. As to the Company 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>(2) Total investment in securities shall not exceed 40% of the shareholders' equity of the Company as certified by the accountant.</p> <p>(3) Investment in a single security shall not exceed 20% of the shareholder's equity of the Company as certified by the accountant.</p>	<p><del>total of shareholders' equity of the Company</del> <u>as the most recent financial report certified or reviewed</u> by the accountant.</p> <p>(3) Investment in a single security shall not exceed 40% of the <u>equity attributable to owners</u> <del>total of shareholders' equity of the Company</del> <u>as the most recent financial report certified or reviewed</u> by the accountant.</p> <p>2. As to the Company 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>(2) Total investment in securities shall not exceed <del>40%</del> of the <u>equity attributable to owners</u> <del>total of shareholders' equity of the Company</del> <u>as the most recent financial report certified or reviewed</u> by the accountant.</p> <p>(3) Investment in a single security shall not exceed 20% of the <u>equity attributable to owners</u> <del>total of shareholders' equity of the Company</del> <u>as the most recent financial report certified or reviewed</u> by the accountant.</p>	<p>To comply with the Regulation update and the Company's operational needs.</p>
Article 10	<p>Appraisal Report from Professional Appraisal Institutions</p> <p>In acquiring or disposing of real estates or other fixed assets by the Company, unless otherwise transacting with a government institution, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing the machines and 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</p>	<p>Appraisal Report from Professional Appraisal Institutions</p> <p>In acquiring or disposing of real estates or <u>equipment</u> <del>other fixed assets</del> by the Company, unless otherwise transacting with a government institution, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing the <del>machines</del> and 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</p>	<p>To comply with the Regulation update.</p>

Items	Original Version	Amendment Version	Reason
	<p>following provisions:</p> <p>1.....</p> <p>2.....</p> <p>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, 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:</p> <p>.....</p>	<p>professional appraisal institutions, and comply with the following provisions:</p> <p>1.....</p> <p>2.....</p> <p>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, <u>and the accountant should do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u>, 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:</p> <p>.....</p>	<p>To comply with the Regulation update.</p>
Article 11	<p>Certified Accountant’s Opinions</p> <p>1.....</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, 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.....</p>	<p>Certified Accountant’s Opinions</p> <p>1.....</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, <u>except in transactions with a government institution,</u> 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.....</p>	<p>To comply with the Regulation update.</p>
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</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 purchase or disposition of real</p>	<p>To comply with the Regulation update.</p>

Items	Original Version	Amendment Version	Reason
	<p>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. 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>1..... 2..... 3..... 4..... 5..... 6..... 7.....</p> <p>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.</p> <p>With respect to the acquisition or disposition of business-use machinery and 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.</p>	<p>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, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</u> 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>1..... 2..... 3..... 4..... 5..... 6..... 7.....</p> <p>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.</p> <p>With respect to the acquisition or disposition of business-use <del>machinery and</del> 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.</p>	<p>To comply with the Regulation update.</p>
Article 13	The Company's purchases of real estate	The Company's purchases of real	To comply with

Items	Original Version	Amendment Version	Reason
	<p>from a related party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:</p> <p>1.....  2.....  3.....  4.....</p> <p>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:</p> <p>(1).....  (2).....  (3) Acquiring real estate by a joint construction contract executed with the related party.</p>	<p>estate from a related party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:</p> <p>1.....  2.....  3.....  4.....</p> <p>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:</p> <p>(1).....  (2).....  (3) Acquiring real estate by a joint construction contract executed with the related party, <u>or through engaging a related party to build real property, either on the company's own land or on rented land.</u></p>	<p>the Regulation update.</p>
Article 29	<p>.....  The 7<sup>th</sup> amendment was made on June 14, 2013.</p>	<p>.....  The 7<sup>th</sup> amendment was made on June 14, 2013.  <u>The 8<sup>th</sup> amendment was made on June 11, 2014.</u></p>	<p>Correspondence to the amendment date.</p>

## Appendix 8

### 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 and other fixed assets.
3. Membership certificates.
4. Intangible assets, such as patent right, copyright, trademark right, franchise, etc.
5. Derivative products.
6. Assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws.
7. Other important assets.

##### Article 3 Definitions

1. "Derivative Products" means forward contracts, options, futures, leverage contracts, swaps, with worth derived from assets, interest rates, foreign exchange rates, indexes or other interests, and the hybrid contracts consisted by the above products, etc.
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 six 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, other fixed assets 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, other fixed assets, membership certificates, intangible assets, and assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws, the operating department shall submit items such as the reasons for the proposed acquisition or disposition, targeted assets, trading counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.

3. For evaluation of derivative products, the financial manager shall hold periodic 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 other fixed assets shall be carried out by price comparison, price negotiation, or bidding. As to the price of real estate, it shall be determined by reference to the announced present value, appraised present value, and actual transaction price in the vicinity.
- (3) For 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 that 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, 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 machinery and 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 other fixed

assets; 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 license of acquisition or disposition of derivative products is enacted in accordance to the Company's development of turnover and variation of risk position; it is effective after being approved by the chairman of the Board or his authorized officers, and must be ratified by the Board of Directors thereafter, this procedure also applies to any amendment.

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

## Article 6 Procedures of Announcement and Filing

1. The acquisition or disposition of the Company's assets, provided below, shall be announced and filed to the 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 certified by public accountant, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements.
  - (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,
  - (4) Except for asset transactions provided in the preceding ~~four~~ three 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,

- (c) machinery 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 not exceeded NT\$500 million,
  - (d) 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 has not exceeded NT\$500 million (the calculation basis is based on the anticipated amount invested by the Company).
2. The transaction amounts 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 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 and reported to the competent authority by the Company.
  6. Unless otherwise provided by other laws, the Company's acquisition or disposition of assets shall keep in reserve the relevant contracts, meeting

minutes, registry, appraisal report, and the opinion books by 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 total of shareholders' equity and long-term liabilities of the Company as certified by the accountant.
  - (2) Total investment in securities shall not exceed the shareholders' equity of the Company as certified by the accountant.
  - (3) Investment in a single security shall not exceed 40% of the shareholders' equity of the Company as certified by the accountant.
2. As to the Company 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 40% of the shareholders' equity of the Company as certified by the accountant.
  - (3) Investment in a single security shall not exceed 20% of the shareholder's equity of the Company as certified by the accountant.

#### Article 8 Control Management Process for Subsidiaries' Acquisition or Disposition of Assets

1. For the acquisition or disposition of assets by subsidiaries invested by the Company, the "Procedures 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 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, certified 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 other fixed assets by the Company, unless otherwise transacting with a government institution, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing the machines and 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,

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. 09600014631 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 by the initial cash offering.
- (2) Securities acquired at issuing price upon cash offering, the securities have to be issued obeying the related regulations.
- (3) Securities issued by a 100% owned subsidiary upon cash offering.
- (4) Securities acquired in a centralized exchange market or OTC exchange.
- (5) Purchase and sale of bonds with put or call conditions, or government bonds.
- (6) Domestic or foreign funds.
- (7) Public traded stocks acquired in the auction in a centralized exchange market or OTC exchange.



- (8) Securities acquired by seasoned equity offerings.
  - (9) Purchase funds before their establishments according to Section 1, Article 11, Securities Investment trust and Consulting Act and FSC letter 0930005349 (issued Nov. 01, 2004).
  - (10) Purchase or call domestic privately placed funds, the investing scope of which is the same as that of publicly placed funds. This requirement does not apply to the occasion that the investing strategy, except securities credit trading and open position of securities-related products is provided in the trust contract.
2. In acquiring or disposing membership certificate or intangible assets by a public company, and the transaction amount reaching 20% of the Company's paid-in capital or in exceeding NT\$300 million, an accountant shall, 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. 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 machinery and 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.

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 this Procedures and the “Rules and Procedures of Derivative Transactions” formulated by the Company.
2. Supervise the transactions and loss-and-profit status, if there are any abnormal situations, the high-level manager shall report to the Board of Directors and an independent director shall present on behalf of the Board of Directors and express opinions.

Article 19 The Company shall prepare 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.

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 1<sup>st</sup> amendment was made on June 17, 2003.  
The 2<sup>nd</sup> amendment was made on June 21, 2007.  
The 3<sup>rd</sup> amendment was made on June 25, 2008.  
The 4<sup>th</sup> amendment was made on June 23, 2009.  
The 5<sup>th</sup> amendment was made on June 18, 2010.  
The 6<sup>th</sup> amendment was made on June 21, 2012.  
The 7<sup>th</sup> amendment was made on June 14, 2013.

## Appendix 9

### 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, or the companies in need of funds for a short term period whose loan funds plan to convert into the Company’s stock investment.

##### **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 or the companies whose loan funds will be converted into the Company’s stock investment.

##### **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.
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.
  - (3) For the other Borrower, the loan amount shall not exceed the 25% of the

net worth of the Borrower.

3. The limit amount for loaning to a Borrower in need of funds for a short term period should vary according to the situations as follows:

- (1) When any enterprise in which the Company holds more than 50% of its total outstanding common 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 its total outstanding common shares, the loan amount shall not exceed the 40% of the net worth of that enterprise.
- (3) For the other Borrower, the loan amount shall not exceed the 25% of the net worth of the Borrower.

The loan to the companies in need of funds for a short term period whose loan funds will be converted into the Company's stock investment shall be approved by the Board of Directors by each case and may not exceed the above limit amount.

**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.

**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 Chief of Staff Office. After facilitating the evaluation and credit checking, the financial division will report to the Board of Director for approval.
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 division 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 division will determine whether to accept the application or not.
2. The financial division will be in charge of the credit checking and risk evaluation of the Borrower. For those cases with good credit and justifiable purposes, the personnel in charge shall prepare a credit check result and opinion report and devise the criterion of the loan of funds and file with the Board of Directors for approval.
3. Besides, the financial division 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 incorporated with credit report to the Board of Directors for approval.
4. When the Borrower 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 division 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.
  - (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.
  - (3) The balance of the Company or its subsidiaries' newly added loan reaches NT\$10 millions 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.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China 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 division shall examine the financial status, business status and related credit status of the Borrower and guarantor, and if there is any collateral provided, financial division 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 granting 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 over which the Company has control power 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 parties loan amount shall not exceed the amount described as follows:

1. A subsidiary in which the Company directly and indirectly holds 100 percent of the voting shares, the limits on total loan amount and respective parties’ loan amount should calculate based on the Company’s net worth pursuant to the rules in this Procedure. However, the restrictions under Paragraph 1 of Article 3 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 be handled pursuant to. Paragraph 3 of Article 5.
2. A subsidiary in which the Company does not directly and indirectly holds 100 percent of the voting shares, the limits on total loan amount and respective parties’ loan amount should calculate based on the subsidiary’s net worth pursuant to the rules in this Procedure.

**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



## Appendix 10

### **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 report.
2. The limits to any single enterprise shall not exceed the 30% of the net worth of the latest financial report of the Company.
3. The limits of the Company and its subsidiaries' endorsements/guarantees shall not exceed the Company's net worth as stated in its latest financial statement.
4. The limits of the Company and its subsidiaries' endorsements/guarantees to any single enterprise shall not exceed 30% of the net worth of the latest financial report of the Company.

### **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 division 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 division will determine whether to accept the application or not.
2. The financial division will be in charge of the credit checking and risk evaluation of the endorsed and/or guaranteed enterprise. For those cases with good credit and justifiable purposes, the personnel in charge shall prepare a credit check result and opinion report and devise the criterion of the endorsement and/or guarantee and file with the Board of Directors for approval.
3. Besides, the financial division 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 incorporated with credit report to the Board of Directors for approval.
4. 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 division shall evaluate and mark the value of the collateral.
5. 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 in which the Company holds more than 50% of its total outstanding common shares provide endorsements and/or guarantees to other companies, the proposal shall be submitted to the Chairman of the board of the Company for approval and filed with the Board of Directors of the Company for recordation. The Company shall comply with the Procedure to make a public announcement.
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 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.

3. When any subsidiaries in which the Company holds more than 50% of its total outstanding common shares 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.

#### **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**

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.
- (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.

(3)The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 millions 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.

(4)The balance of the Company and its subsidiaries' new endorsements/guarantees reaches NT\$30 millions 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..

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the fourth subparagraph of the preceding paragraph.

#### **Article 11 The Punishment of 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 making of endorsements and/or 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 1<sup>st</sup> amendment was made on June 17, 2003

The 2<sup>nd</sup> amendment was made on June 16, 2004

The 3<sup>rd</sup> amendment was made on June 25, 2008

The 4<sup>th</sup> amendment was made on June 23, 2009

The 5<sup>th</sup> amendment was made on June 18, 2010

The 6<sup>th</sup> amendment was made on June 14, 2013

## Appendix 11

### Relevant Information on Employee Bonus and Remuneration to Directors

The Board of Directors resolved the appropriation of cash and stock bonus to employees, and remuneration to directors on March 25, 2014. The details of the appropriation are stated below. The aforesaid appropriation will be distributed according to the related provisions after the approval by the Annual General Shareholders' Meeting on June 11, 2014.

Units: NT\$

<b>Item</b>	<b>Amount of Appropriation Proposed by the Board of Directors</b>
Bonus to Employees – Cash	0
Bonus to Employees – Stock	617,695,820
Remuneration to Directors	62,304,179

Note: The above proposed appropriation of employees' bonus and remuneration to directors by the Board of Directors are consistent with the amounts recognized in the 2013 Financial Statements.



## Appendix 12

### Impact of Stock Dividend Issuance on the Company's Business Performance, Earnings per Share and Return on Shareholders' Investment

Item	Year	Year 2014 (Forecast)	
Beginning Paid-in Capital		NT\$23,781,602,820	
Dividend Distribution	Cash dividend per share <sup>(1)</sup>	NT\$1.80	
	Stock dividend per share for capital increase from retained earnings <sup>(1)</sup>	0.02 share	
	Stock dividend per share for capital increase from capital reserve <sup>(1)</sup>	0 share	
Business Performance Variation	Operating profit	N/A <sup>(2)</sup>	
	Year-on-year increase / decrease (%) of operating profit		
	Net profit after tax		
	Year-on-year increase / decrease (%) of net profit after tax		
	Earnings per share		
	Year-on-year increase / decrease of earnings per share		
	Average return over investment (annualized)		
Pro forma earnings per share and its P/E ratio	If cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share	N/A <sup>(2)</sup>
		Pro forma average return over investment (annualized)	
	If no capital increase from capital reserve	Pro forma earnings per share	
		Pro forma average return over investment (annualized)	
	If no capital reserve and cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share	
		Pro forma average return over investment (annualized)	

Note 1: Pending resolution by 2014 Annual General Shareholders' Meeting.

Note 2: Wistron is not required to disclose its 2014 financial forecast pursuant to "Regulations Governing the Publication of Financial Forecasts of Public Companies."

## Appendix 13

### Wistron Corporation Shareholdings of Directors

(As of April 13, 2014)

<u>Title</u>	<u>Name</u>	<u>Number of Shares</u>
Chairman	Simon Lin (Hsien-Ming Lin)	26,582,177
Director	Stan Shih (Chen-Jung Shih)	2,515,055
Director	Haydn Hsieh (Hong-Po Hsieh)	978,449
Director	Robert Huang (Po-Tuan Huang)	2,025,252
Independent Director	John Hsuan (Min-Chih Hsuan)	0
Independent Director	Michael Tsai (Kuo-Chih Tsai)	0
Independent Director	James K. F. Wu (Kuo-Feng Wu)	0
Independent Director	Victor C.J. Cheng (Chung-Jen Cheng)	73,441
Independent Director	Duh- Kung Tsai	0
<b>Total</b>		<b><u>32,174,374</u></b>

The common shares of Wistron are 2,378,160,282 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 an audit committee, the shareholding of the supervisors does not need to follow the minimum holding requirement.

**wistron®**