

WISTRON CORPORATION

2018 ANNUAL GENERAL SHAREHOLDERS' MEETING MINUTES

(Translation)

Time: 9:00a.m., June 14, 2018

Venue: Farglory International Convention Center
(4F., No. 99, Section 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan, ROC)

Total outstanding shares of Wistron Corporation: 2,681,127,602 shares. (Excluding the treasury shares 67,560,400 shares).

Total shares represented by shareholders present in person or by proxy: 1,516,755,893 shares

Percentage of outstanding shares held by shareholders present in person or by proxy: 56.57%

Chairman: Simon Lin, Chairman of the Board of Directors

Attendees: Robert Huang, Director of the Board of Directors
Michael Tsai, Independent Director of the Board of Directors

Recorder: Steven Wang

The aggregate number of shares present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

Chairman's Address (omitted)

I. Report Items

1. Report the business of 2017. (Please refer to Attachment 1)
2. Audit Committee's Review Report. (Please refer to Attachment 2)
3. Report the compensation for employees and directors of 2017. (Please refer to Meeting Agenda)
4. Report the amendments to the "Rules and Procedures of Board of Directors Meeting". (Please refer to Meeting Agenda)

II. Election Item

ITEM: Election of Directors.

Proposal: Submission (by the Board of Directors, “BOD”) of the proposal for election of the Company’s seventh Board of Directors (including Independent Directors)

Details:

1. The Company’s 7th BOD, with 9 Directors (including 5 Independent Directors), has its term until June 25, 2018. In this connection, the election of the eighth BOD (including 5 Independent Directors) is scheduled in the 2018 Annual General Shareholders’ Meeting.
2. To implement corporate governance best practices, the Company has established the Compensation Committee and the Audit Committee pursuant to the Securities and Exchange Act and the Company Act. In this connection, 9 Directors (including 5 Independent Directors) will be elected at the Annual General Shareholders’ Meeting in accordance with the Articles of Incorporation, with their three-year term extending from June 14, 2018 to June 13, 2021. They may then be eligible for re-election. All the Independent Directors will constitute the Audit Committee.
3. The directors shall be elected by the candidate nomination system as specified in Article 192-1 of ROC Company Act. The below list of the candidates for the 9 Directors (including Independent Directors), approved by the third session of BOD meeting in 2018, is being submitted to the Annual General Shareholders’ Meeting to elect the 7th BOD (including Independent Directors).

Title	Name	Academic Qualifications and Major Past Positions	Current Positions (Note 1)	Shareholdings (Note 2)
Director	Simon Lin (Hsien-Ming Lin)	<ul style="list-style-type: none"> ▪ Bachelor Degree from National Chiao Tung University ▪ President of Acer Inc. 	<ul style="list-style-type: none"> ▪ Chairman & CSO of Wistron Corp. ▪ Chairman of Wistron Information Technology & Services Corp. ▪ Director of Gamania Digital Entertainment Co., Ltd. ▪ Independent Director of Taiwan IC Packaging Corp. ▪ Independent Director of Neo Solar Power Corp. ▪ Chairman of Wiwynn Corp. ▪ Independent Director of Elan Microelectronics Corp. ▪ Chairman of Wistron Medical Tech Holding Company ▪ Chairman of Wistron Digital Technology Holding Company 	41,210,239
Director	Robert Huang (Po-Tuan Huang)	<ul style="list-style-type: none"> ▪ Executive MBA Training Program at National Cheng-Chi University ▪ Bachelor Degree in Industrial Engineering from Ta-Tung Institute of Technology ▪ Vice President of Acer Inc. 	<ul style="list-style-type: none"> ▪ Director & President & CEO of Wistron Corp. ▪ Director of Global Lighting Technologies Inc. ▪ Chairman of Anwith Technology Corp. ▪ Chairman of WiAdvance Technology Corp. 	7,632,802

Title	Name	Academic Qualifications and Major Past Positions	Current Positions (Note 1)	Shareholdings (Note 2)
			<ul style="list-style-type: none"> ▪ Chairman of WiEdu Corp. ▪ Chairman of Wistron Medical Technology Company ▪ Director of Wistron Medical Tech Holding Company 	
Director	Legal Representative of Wistron NeWeb Corporation: Haydn Hsieh (Hong-Po Hsieh)	<ul style="list-style-type: none"> ▪ Bachelor Degree in electrical engineering from Ta-Tung Institute of Technology ▪ Senior Vice President of Acer Inc. 	<ul style="list-style-type: none"> ▪ Director of Wistron Corp. ▪ Chairman & CSO of Wistron NeWeb Corp. ▪ Director of aEnrich Technology Corp. ▪ Independent Director of Raydium Semi-conductor Corp. ▪ Director of Apacer Technology Inc. ▪ Director of WNC Holding Corp. ▪ Director of ANC Holding Corp. ▪ Director of NeWeb Holding Corp. ▪ Director of W-Neweb Corp. ▪ Director of WNC GmbH ▪ Director of Webcom Communication (Kunshan) Corp. ▪ Director of WNC (kunshan) Corp. ▪ Director of Wistron NeWeb (Kunshan) Corp. ▪ Director of NeWeb Service(KunShan) Corp. ▪ Director of NeWeb Communication (Kunshan) Corp. 	27,974,570
Director	Philip Peng (Chin-Bing Peng)	<ul style="list-style-type: none"> ▪ Executive MBA Training Program at National Cheng-Chi University ▪ Senior Vice President of Acer Inc. 	<ul style="list-style-type: none"> ▪ Director of Wistron NeWeb Corp. ▪ Director of Wistron Information Technology & Services Corp. ▪ Director of Acer Incorporated ▪ Director of AOPEN Inc. ▪ Independent Director of AU Optronics Corp. ▪ Chairman of Smart Capital Corp. ▪ Director of iD SoftCapital ▪ Director of Global Strategic Investment Management Inc. ▪ Director of Dragon Investment Fund I Corp. ▪ Supervisor of iD Innovation Inc. 	90,221
Independent Director	Jack Chen (YuLiang Chen)	<ul style="list-style-type: none"> ▪ Bachelor Degree in electrical engineering from National Taiwan University ▪ Chairman of Spirox Corp. ▪ Chairman of RDC Semiconductor Co., Ltd. 	<ul style="list-style-type: none"> ▪ Director of RDC Semiconductor Co., Ltd. ▪ Director of Spirox Corp. ▪ Director of Taiwan Oasis Technology Co., Ltd. ▪ Director of Browave Corp. 	0
Independent Director	S. J. Paul Chien (Shyur-Jen Chien)	<ul style="list-style-type: none"> ▪ Master Degree in Chemical Engineering from Massachusetts Institute of Technology ▪ Chairman of Vanguard International Semiconductor Corp. 	<ul style="list-style-type: none"> ▪ Independent Director of Neo Solar Power Corp. ▪ Chairman of FUCHU General Contractor Corp. 	0
Independent Director	C.H. Chen (Che-Hsiung Chen)	<ul style="list-style-type: none"> ▪ Master Degree in Computer Science from National Chiao Tung University ▪ President of ASML Taiwan 	<ul style="list-style-type: none"> ▪ Director of Rafael Microelectronics, Inc. ▪ Director of ProLight Opto Technology Corp. 	0

Title	Name	Academic Qualifications and Major Past Positions	Current Positions (Note 1)	Shareholdings (Note 2)
		<ul style="list-style-type: none"> ▪ Vice President of Phillips Taiwan 	<ul style="list-style-type: none"> ▪ Independent Director of Neo Solar Power Corp. 	
Independent Director	Christopher Chang (Liang-Chi Chang)	<ul style="list-style-type: none"> ▪ Bachelor Degree in college of law from National Chengchi University ▪ Chairman of Continental Development Corp. 	<ul style="list-style-type: none"> ▪ Director of Continental Holdings Corp. ▪ Chairman of Continental Development Corp. ▪ Chairman of CEC Commercial Development Corp. ▪ Director of Sanlien Educational Foundation 	0
Independent Director	Sam Lee (Ming-Shan Lee)	<ul style="list-style-type: none"> ▪ Master Degree in business administration from National Chengchi University ▪ Executive vice president of Yuanta Securities Co., Ltd. ▪ Managing Director of Citigroup Global Markets Securities 	<ul style="list-style-type: none"> ▪ Director of Nien Made Enterprise Co., Ltd. ▪ Director of Ta Liang Technology Co., Ltd. ▪ Independent Director of Dafeng TV Ltd. ▪ Independent Director of Newmax Technology Co., Ltd. ▪ Director of Bafang Yunji International Co., Ltd. ▪ Chairman of MagiCapital (Taiwan) Ltd. ▪ Chairman of MagiCap Venture Capital Co., Ltd. ▪ Chairman of Belos Investments Limited ▪ Chairman of Deus Investments Limited 	0

Note1: As of the current position on April 27, 2018

Note2: As per the actual reported number of shares on April 16, 2018

Election Results:

Nine directors for the 8th Board of Directors (including five independent directors) elected by the shareholders present are listed as follows:

A. Directors

Shareholder No./ ID No.	Name	Ballots Received
2	Simon Lin (Hsien-Ming Lin)	1,006,916,399
642	Robert Huang (Po-Tuan Huang)	948,290,558
377529	Legal Representative of Wistron NeWeb Corporation: Haydn Hsieh (Hong-Po Hsieh)	932,359,863
5	Philip Peng (Chin-Bing Peng)	922,142,546

B. Independent Directors

Shareholder No./ ID No.	Name	Ballots Received
R10268****	Jack Chen (YuLiang Chen)	921,638,227
A12079****	S. J. Paul Chien (Shyur-Jen Chien)	915,684,731
C10010****	C.H. Chen (Che-Hsiung Chen)	907,453,969
Q10015****	Christopher Chang (Liang-Chi Chang)	894,481,238
K12102****	Sam Lee (Ming-Shan Lee)	886,802,453

III. Ratification Items and Discussion Items

ITEM 1: Ratification of the Business Report and Financial Statements of 2017

Proposal: Submission (by the BOD) of the Company's 2017 business report and financial statements for ratification.

Details:

Submission for ratification of the Company's business report and financial statements for 2017 (Attachment 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 Attachment 1.)

Resolution:

Voting results: Shares present at the time of voting: 1,516,755,893

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
1,047,732,480 (including 934,967,056 votes through e-voting)	69.08	3,089,029 (including 3,089,029 votes through e-voting)	0.20	0	0	465,934,384 (including 465,523,664 votes through e-voting)	30.72

RESOLVED, that the above proposal be and hereby was approved as proposed.

ITEM 2: Ratification of the proposal for distribution of 2017 profits

Proposal: Submission (by the BOD) of the proposal for 2017 earnings distribution for ratification.

Details:

1. The undistributed earnings at the beginning of the 2017 is NT\$9,950,335,886, after deducting remeasurements of the defined benefit liability of NT\$57,306,513 and decrease in loss on treasury stock transactions of NT\$41,923,866 and changes in ownership interests in subsidiaries of NT\$2,903,943, then adding up share-based payment transaction of NT\$1,686,198 and the net profit for 2017 is NT\$3,885,515,885 and deducting the legal reserve of NT\$388,551,589 and special reserve of NT\$4,010,254,593, therefore the total amount eligible for distribution earnings is NT\$9,336,597,465. The dividends and bonus proposed to be allocated to the shareholders amount to NT\$4,010,249,113, including NT\$802,049,830 in stock

dividend (NT\$0.3 per share at par value) and NT\$3,208,199,283 in cash dividend (NT\$1.2 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. 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 shares for transfer or cancellation, unsecured convertible bonds converting into common shares, capital increase by cash, capital increase by issuance of GDR and capitalization of employees' compensation through issuance of new shares etc.), which results in changes in shareholders' allotment of shares or dividend-payout ratio, the Board of Directors is to be authorized to make necessary adjustments at its full discretion.
4. Please refer to Attachment 3 for the Profit Appropriation Statement for 2017.
5. Submission for ratification.

Resolution:

Voting results: Shares present at the time of voting: 1,516,755,893

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
1,063,662,487 (including 950,897,063 votes through e-voting)	70.13	2,069,828 (including 2,069,828 votes through e-voting)	0.13	0	0	451,023,578 (including 450,612,858 votes through e-voting)	29.74

RESOLVED, that the above proposal be and hereby was approved as proposed.

ITEM 3: Discussion of the capitalization of part of 2017 profits 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 2017 earnings.

Details:

1. For the future development of business, the Company is proposing to set aside shareholders' dividends and bonus of NT\$802,049,830 from distributable earnings in 2016 to increase the capital by issuing 80,204,983 shares.
2. Upon the approval for the aforesaid proposal from the competent authority, shareholders' dividends and bonus of NT\$802,049,830, each shareholder will be entitled to receive 30 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 shares for transfer or cancellation, unsecured convertible bonds converting into common shares, capital increase by cash, capital increase by issuance of GDR and capitalization of employees' compensation through issuance of new shares etc.), which results in changes in shareholders' allotment of shares, the Board of Directors is to be authorized to make necessary adjustments at its full discretion.
6. Please discuss.

Resolution:

Voting results: Shares present at the time of voting: 1,516,755,893

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
1,063,326,016 (including 950,560,592 votes through e-voting)	70.11	2,431,607 (including 2,431,607 votes through e-voting)	0.16	0	0	450,998,270 (including 450,587,550 votes through e-voting)	29.73

RESOLVED, that the above proposal be and hereby was approved as proposed.

ITEM 4: Discussion of issuance no more than 260 million of new common shares for cash to sponsor issuance of GDR.

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

Details:

1. Fund raising purpose and size:

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

2. Fund raising methods and handling principles:

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

overall book building situations, to improve the subscription of international investors, so the pricing method should be reasonable.

- (2) Upon the limit of 260 million common shares for the issuance of GDR through the issuance of new common shares by capital increase, the original shareholders' equity will be diluted by a maximum of 8.86%. The implementation of the fundraising plan will enhance the Company's competitiveness and benefit the shareholders; the determination of the issue price of the GDRs will be based on the fair trading price of common shares formed in the domestic market. Existing shareholders may still be able to purchase common stock in domestic stock market at the price closing to the issue price of GDR without bearing the exchange risks and liquidity risks, and may take into account their interests.
- (3) Except for 10% to 15% of new common shares shall be allocated for the employees' subscription in accordance with applicable law, it is proposed for the shareholders meeting to approve that the rights to the remaining 85% to 90% of the issuance shall be waived by the shareholders and should be offered to the public under Article 28-1 of Securities and Exchange Act as the underlying shares of GDR to be sold. It is proposed to authorize the Chairman, depending on the market needs, to allot the new common shares not subscribed by employees of the Company as underlying shares of GDR.

3. Use of proceeds, schedule and projected benefit:
The Company plans to use the fund raising from capital increase to purchase overseas materials, or increase working capital, or repay bank borrowings or other needs for its future development. The fund raising plan will strengthen our competitiveness, upgrade operating efficiency, and reinforce financial structure, which can benefit shareholders' equity.
4. It is proposed to authorize the Board of Directors to determine, proceed or revise the issuance plan of new common shares to be issued to sponsor the GDR, including issue price, shares, terms and conditions, plan items, amount, record date, projected progresses and benefits, and any other item related to the issuance plan, based on market conditions. It is also proposed to authorize Board of Directors to revise the issuance plan based on operation evaluation, environment changes or if receiving instructions from governmental authorities.
5. The new common shares to be issued to sponsor issuance of GDR will be issued in scripless form and will have the same rights and obligations as the Company's existing issued and outstanding common shares.
6. It is proposed to authorize the Chairman or the Chairman's designee, on behalf of the Company, to handle all matters relating to, and sign all agreements and documents in connection with, issuance of new common shares to sponsor issuance of GDR.
7. The Board is authorized to handle all matters which are not addressed herein in accordance with the applicable laws and regulations. The proposal will become effective only if the Company's current fund raising is not closed by the end of June 2018.
8. Please discuss.

Resolution:

1. The Chairman has explained the questions about the GDR's issuance and use of funds raised from shareholder No.407524.
2. Voting results: Shares present at the time of voting: 1,516,755,893

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
1,046,017,122 (including 933,251,698 votes through e-voting)	68.96	7,582,255 (including 7,582,255 votes through e-voting)	0.50	0	0	463,156,516 (including 462,745,796 votes through e-voting)	30.54

RESOLVED, that the above proposal be and hereby was approved as proposed.

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 the operational needs of the Company, it is proposed to make amendments to the “Procedures of Asset Acquisition and Disposal”. Please see below for a comparison table of the original provisions and amendments.
2. Please discuss.

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

Items	Original Version	Amended Version	Reason
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	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	To comply with the Company’s operational needs.

Items	Original Version	Amended Version	Reason
Article 6	<p>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, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>.....</p> <p>4. The Company shall monthly enter into the transaction situations of the derivative products engaged by it and its subsidiaries not categorized as domestic public companies up to the end of the previous month in accordance to the stipulated form to the FSC's designated website for filing information before the 10th of each month.</p>	<p>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, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>.....</p> <p>4. The Company shall monthly enter into the transaction situations of the derivative products engaged by it and its subsidiaries not categorized as domestic public companies <u>and their directly or indirectly held subsidiaries</u>, 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.</p>	To comply with the Company's operational needs.
Article 7	<p>Scope and Amount of Acquisition or Disposition of Assets</p> <p>1. Apart from acquisition of assets for business use, the Company may invest or purchase real estate and securities for non-business use, the limitations on amounts are set forth as follows:</p> <p>(1) Total investment in real estate for non-business use shall not exceed 40% of the equity attributable to owners of the Company and long-term liabilities of the Company as the most recent financial report certified or reviewed by the accountant.</p> <p>(2) Total investment in securities shall not exceed 200% of the equity attributable to owners</p>	<p>Scope and Amount of Acquisition or Disposition of Assets</p> <p>1. Apart from acquisition of assets for business use, the Company may invest or purchase real estate and securities for non-business use, the limitations on amounts are set forth as follows:</p> <p>(1) Total investment in real estate for non-business use shall not exceed 40% of the equity attributable to owners of the Company and long-term liabilities of the Company as the most recent financial report <u>audited</u> certified or reviewed by the accountant.</p> <p>(2) Total investment in securities shall not exceed 200% of the</p>	To comply with the Company's operational needs.

Items	Original Version	Amended Version	Reason
Article 7	<p>of the Company as the most recent financial report certified or reviewed by the accountant.</p> <p>(3) Investment in a single security shall not exceed 40% of the equity attributable to owners of the Company as the most recent financial report certified or reviewed 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 the equity attributable to owners of the Company as the most recent financial report certified or reviewed by the accountant.</p> <p>(3) Investment in a single security shall not exceed 20% of the equity attributable to owners of the Company as the most recent financial report certified or reviewed by the accountant.</p>	<p>equity attributable to owners of the Company as the most recent financial report <u>audited</u> certified or reviewed by the accountant.</p> <p>(3) Investment in a single security shall not exceed 40% of the equity attributable to owners of the Company as the most recent financial report <u>audited</u> certified or reviewed by the accountant.</p> <p>2. As to the Company subsidiaries <u>not categorized as domestic public companies and their directly or indirectly held subsidiaries</u>, 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 the equity attributable to owners of the Company as the most recent financial report <u>audited</u> certified or reviewed by the accountant.</p> <p>(3) Investment in a single security shall not exceed 20% of the equity attributable to owners of the Company as the most recent financial report <u>audited</u> certified or reviewed by the accountant.</p>	To comply with the Company's operational needs.
Article 8	<p>Control Management Process for Subsidiaries' Acquisition or Disposition of Assets</p> <p>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</p>	<p>Control Management Process for Subsidiaries' Acquisition or Disposition of Assets</p> <p>1. For the acquisition or disposition of assets by subsidiaries <u>not categorized as domestic public companies and their directly or indirectly held subsidiaries</u> invested by the Company, the "Procedures for</p>	To comply with the Company's operational needs.

Items	Original Version	Amended Version	Reason
Article 8	<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>2. For situations in which the acquisition or disposition of assets by subsidiaries not categorized as domestic public companies <u>and their directly or indirectly held subsidiaries</u> 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.</p> <p>3. The Company's paid-in capital or total assets, <u>audited</u> 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.</p>	To comply with the Company's operational needs.
Article 29	<p>.....</p> <p>The 9th amendment was made on June 14, 2017.</p>	<p>.....</p> <p>The 9th amendment was made on June 14, 2017.</p> <p><u>The 10th amendment was made on June 14, 2018.</u></p>	Correspondence to the amendment date.

Resolution:

1. The Chairman has explained the objection to the amendments to the “Procedures of Asset Acquisition and Disposal” which raised from shareholder No.41459.
2. Voting results: Shares present at the time of voting: 1,516,755,893

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
1,063,613,881 (including 950,848,457 votes through e-voting)	70.12	2,102,981 (including 2,102,860 votes through e-voting)	0.14	0	0	451,039,031 (including 450,628,432 votes through e-voting)	29.74

RESOLVED, that the above proposal be and hereby was approved as proposed.

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

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

Details:

1. In order to comply with the operational needs of the Company, it is proposed to make amendments to the “Procedures Governing Loaning of Funds”. Please see below for a comparison table of the original provisions and amendments.
2. Please discuss.

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

Items	Original Version	Amended Version	Reason
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 certified or reviewed by the accountant.	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 certified <u>audited</u> or reviewed by the accountant.	To comply with the Company’s operational needs.

Items	Original Version	Amended Version	Reason
Article 4	<p>Term for loans of funds and the method of calculating interest rate</p> <p>The term of each loan shall not exceed one (1) year.</p> <p>The interest rate shall be determined by Chairman of Board of Directors.</p>	<p>Term for loans of funds and the method of calculating interest rate</p> <p>The term of each loan shall not exceed one (1) year.</p> <p>The interest rate shall be determined by Chairman of Board of Directors <u>or the Chairman's designee.</u></p>	To comply with the Company's operational needs.
Article 7	<p>Announcement and reporting procedures</p> <p>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.</p> <p>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:</p> <p>(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 certified by the accountant.</p> <p>(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 certified by the accountant.</p> <p>(3) The balance of the Company or its subsidiaries' newly added loan reaches NT\$10 million or more and the aggregate amount of loan reaches 2 percent or more of Company's net worth as stated in its latest financial statement certified by the accountant.</p>	<p>Announcement and reporting procedures</p> <p>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.</p> <p>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:</p> <p>(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 <u>audited or reviewed</u> certified by the accountant.</p> <p>(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 <u>audited or reviewed</u> certified by the accountant.</p> <p>(3) The balance of the Company or its subsidiaries' newly added loan reaches NT\$10 million or more and the aggregate amount of loan reaches 2 percent or more of Company's net worth as stated in its latest financial</p>	To comply with the Company's operational needs.

Items	Original Version	Amended Version	Reason
Article 7	The Company shall announce and report on behalf of any subsidiary not categorized as domestic public companies any matters that such subsidiary is required to announce and report pursuant to the third subparagraph of the preceding paragraph.	statement <u>audited or reviewed</u> certified by the accountant. The Company shall announce and report on behalf of any subsidiary not categorized as domestic public companies <u>and their directly or indirectly held subsidiaries</u> any matters that such subsidiary is required to announce and report pursuant to the third subparagraph of the preceding paragraph.	To comply with the Company's operational needs.
Article 10	Procedures for controlling and managing loans of funds to others by subsidiaries When a subsidiary 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: The limits of a subsidiary on total loan amount and respective parties' loan amount should calculate based on subsidiary's net worth pursuant to Article 3 of this Procedure. However, the restrictions of limits on the total loan amount 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 not exceed the net worth of the Company.	Procedures for controlling and managing loans of funds to others by subsidiaries When a subsidiary <u>not categorized as domestic public companies and their directly or indirectly held subsidiaries</u> 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: The limits of a subsidiary on total loan amount and respective parties' loan amount should calculate based on subsidiary's net worth pursuant to Article 3 of this Procedure. However, the restrictions of limits on the total loan amount <u>and term for loans</u> under Paragraph 1 of Article 3 <u>and Article 4</u> of this Procedure do not apply to a foreign subsidiary in which the Company directly and indirectly holds 100 percent of the voting shares, but should not exceed the net worth of the Company <u>and should meet the term for loans set in the procedure</u>	To comply with the Company's operational needs.

Items	Original Version	Amended Version	Reason
		<u>by foreign subsidiary.</u>	
Article 17 The 6 th amendment was made on June 26, 2015. The 6 th amendment was made on June 26, 2015. <u>The 7th amendment was made on June 14, 2018.</u>	Correspondence to the amendment date.

Resolution:

1. The Chairman has explained the objection to the amendments to the “Procedures Governing Loaning of Funds” which raised from shareholder No.41459.
2. Voting results: Shares present at the time of voting: 1,516,755,893

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
1,063,513,071 (including 950,747,647 votes through e-voting)	70.12	2,192,791 (including 2,192,670 votes through e-voting)	0.14	0	0	451,050,031 (including 450,639,432 votes through e-voting)	29.74

RESOLVED, that the above proposal be and hereby was approved as proposed.

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

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

Details:

1. In order to comply with the operational needs of the Company, it is proposed to make amendments to the “Procedures Governing Endorsements and Guarantees”. Please see below for a comparison table of the original provisions and amendments.
2. Please discuss.

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

Items	Original Version	Amended Version	Reason
Article 4	Limits on Endorsements and/or Guarantees 1. The aggregate amount of endorsements and/or guarantees	Limits on Endorsements and/or Guarantees 1. The aggregate amount of endorsements and/or guarantees	To comply with the Company’s operational needs.

Items	Original Version	Amended Version	Reason
Article 4	<p>of the Company shall not exceed the net worth of the latest financial report certified or reviewed by the accountant.</p> <p>2. The limits to any single enterprise of the Company shall not exceed 30% of the net worth of the latest financial report certified or reviewed by the accountant.</p> <p>3. The limits of the Company and its subsidiaries' endorsements/guarantees shall not exceed the Company's net worth of the latest financial report certified or reviewed by the accountant.</p> <p>4. The limits of the Company and its subsidiaries' endorsements/guarantees to any single enterprise shall not exceed 30% of the Company's net worth of the latest financial report certified or reviewed by the accountant.</p>	<p>of the Company shall not exceed the net worth of the latest financial <u>statement report</u> report <u>audited certified</u> or reviewed by the accountant.</p> <p>2. The limits to any single enterprise of the Company shall not exceed 30% of the net worth of the latest financial <u>statement report</u> report <u>audited certified</u> or reviewed by the accountant.</p> <p>3. The limits of the Company and its subsidiaries' endorsements/guarantees shall not exceed the Company's net worth of the latest financial <u>statement report</u> report <u>audited certified</u> or reviewed by the accountant.</p> <p>4. The limits of the Company and its subsidiaries' endorsements/guarantees to any single enterprise shall not exceed 30% of the Company's net worth of the latest financial <u>statement report</u> report <u>audited certified</u> or reviewed by the accountant.</p>	To comply with the Company's operational needs.
Article 7	<p>Internal Control Procedure of the Company's Subsidiaries</p> <p>1. 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. And relevant information of the endorsements/guarantees extended by the Company's subsidiaries should be provided regularly to the Company for</p>	<p>Internal Control Procedure of the Company's Subsidiaries</p> <p>1. When any subsidiaries <u>not categorized as domestic public companies and their directly or indirectly held subsidiaries</u> 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. And relevant information of the endorsements/guarantees</p>	To comply with the Company's operational needs.

Items	Original Version	Amended Version	Reason
	inspection.	extended by the Company's subsidiaries should be provided regularly to the Company for inspection. 	
Article 10	<p>The Company shall make a public announcement on the amount of its endorsements and/or guarantees on or before the 10th date of each month. In addition, in the event that the amount meets of the following standards, the Company shall make a separate public announcement within 2 days:</p> <p>(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.</p> <p>(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.</p> <p>(3) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.</p> <p>(4) The balance of the Company and its subsidiaries' new endorsements/guarantees reaches NT\$30 million or more and the aggregate</p>	<p><u>1.</u> The Company shall make a public announcement on the amount of its endorsements and/or guarantees on or before the 10th date of each month. In addition, in the event that the amount meets of the following standards, the Company shall make a separate public announcement within 2 days:</p> <p>(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 <u>audited or reviewed by the accountant.</u></p> <p>(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 <u>audited or reviewed by the accountant.</u></p> <p>(3) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement <u>audited or reviewed by the accountant.</u></p> <p>(4) The balance of the Company and its subsidiaries' new endorsements/guarantees</p>	To comply with the Company's operational needs.

Items	Original Version	Amended Version	Reason
	<p>amount of all endorsements/guarantees reaches 5 percent or more of Company's net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary not categorized as domestic public companies any matters that such subsidiary is required to announce and report pursuant to the fourth subparagraph of the preceding paragraph.</p>	<p>reaches NT\$30 million or more and the aggregate amount of all endorsements/guarantees reaches 5 percent or more of Company's net worth as stated in its latest financial statement <u>audited or reviewed by the accountant.</u></p> <p><u>2.</u> The Company shall announce and report on behalf of any subsidiary not categorized as domestic public companies <u>and their directly or indirectly held subsidiaries</u> any matters that such subsidiary is required to announce and report pursuant to the fourth subparagraph of the preceding paragraph.</p>	
Article 29	<p>.....</p> <p>The 8th amendment was made on June 26, 2015.</p>	<p>.....</p> <p>The 8th amendment was made on June 26, 2015.</p> <p><u>The 9th amendment was made on June 14, 2018.</u></p>	Correspondence to the amendment date.

Resolution:

1. The Chairman has explained the objection to the amendments to the “Procedures Governing Endorsements and Guarantees” which raised from shareholder No.41459.
2. Voting results: Shares present at the time of voting: 1,516,755,893

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
1,063,522,178 (including 950,756,754 votes through e-voting)	70.12	2,026,408 (including 2,026,287 votes through e-voting)	0.13	0	0	451,207,307 (including 450,796,708 votes through e-voting)	29.75

RESOLVED, that the above proposal be and hereby was approved as proposed.

ITEM 8: Discussion of the release of the prohibition on newly-elected directors and their corporate representatives from participation in competitive business.

Proposal: Submission (by the BOD) of a proposal to release the prohibition on newly-elected directors and their corporate representatives from participation in competitive business.

Details:

1. Pursuant to Article 209 of the Company Act, “A director engaging, either for himself or on behalf of another person, in activities that are within the scope of the company's business, shall explain at the shareholder meetings the essential details of such activities and secure its approval.” It is hereby proposed to release the prohibition on newly-elected directors and their corporate representatives, who participate in the operations of another company that engages in the same or similar business scope as the Company, from participation in the competitive business.
2. Please discuss.

Resolution:

1. The Chairman has explained the objection to release the prohibition on newly-elected directors and their corporate representatives from participation in competitive business which raised from shareholder No.41459.
2. Voting results: Shares present at the time of voting: 1,516,755,893

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
1,011,885,809 (including 899,120,385 votes through e-voting)	66.71	21,806,193 (including 21,806,072 votes through e-voting)	1.44	0	0	483,063,891 (including 482,653,292 votes through e-voting)	31.85

RESOLVED, that the above proposal be and hereby was approved as proposed.

IV. Extemporary Motion: None.

V. Meeting Adjourned: 10:27 a.m., June 14, 2018.

Attachment 1

Wistron Corporation Business Report

The global economy showed a steady recovery last year, including low inflation, low interest rates and relatively modest economic growth. Although the scale of the global PC market continues to shrink and consolidate, the competition among brands is also becoming severe, Wistron continued to optimize its operation and dispersion of operating risks. With investments in new ventures and efforts of employees, Wistron has achieved significant revenue growth. On behalf of all Wistron employees, we would like to express our sincere appreciation to our shareholders for your support for Wistron's continuous growth.

2017 Financial and Operation Results

In 2017, Wistron's consolidated annual revenue reached a new high of NT\$836.1 billion and consolidated operating profit was NT\$5.914 billion. The consolidated profit before tax reached NT\$6.158 billion and profit attributable to Owners of the Company was NT\$3.886 billion. Meanwhile, the earnings per share was NT\$1.48.

Overall revenue growth was about 27% versus the previous year. During the same period, the rising cost of raw materials and increased recruitment costs due to tough labor supply conditions in China resulted in a slightly lower gross profit margin than the previous year. However, due to well-controlled operating costs, the profit after tax (PAT) slightly increased from the previous year and the overall financials remained stable.

Regarding product performance in terms of shipments, key growth drivers were smartphones, rugged handhelds, smart appliances and (VOIP) Internet telephony, while the number of notebooks and servers shipped was similar to last year. Due to the overall decline in TV OEM related demand, the Company experienced a relative decrease in the number of shipments. Although the market has matured for monitors and desktops, these products demonstrated slight growth through continuous efforts to enhance competitiveness.

In response to the continued shrinkage of the global PC market, Wistron aimed to strengthen customer satisfaction, provide the best quality, enhance current customer relationships, optimize its existing customers and portfolio of products, and develop intelligent products (such as smart security, medical and home products and services). We also drove digital transformation, adjusted

the organization to promote more young talent to management levels, and continued to improve operational efficiency and increase capacity utilization to ensure continuous growth and reasonable profitability.

At Wistron, corporate governance structures, sustainability, and social responsibility are as important as business growth. For the fourth consecutive year, Wistron was certified by the Taiwan Stock Exchange as being in the top 20% among all listed companies with best corporate governance practices. These achievements fully demonstrate the level of recognition we have been able to receive from domestic and foreign institutions for our performance in corporate governance, our response to climate changes, and our efforts in the disclosure of CSR information.

2018 Business and Operation Focus

For 2018, Wistron's major operation focuses are still the same as last year's three main axes: (1)reinvigorate the core businesses, (2)scale new businesses, and (3)drive digital transformation.

With the continuously growing trend toward cloud computing and artificial intelligence, we are in a favorable position in the industry. We offer innovative products, services and systems, connecting hardware such as personal computers, servers, mobile devices, and cloud data systems while enabling close integration with software services. We will continue to strengthen our technology leadership, quality reliability, and innovative services, while optimizing operational performance to achieve revenue and profit growth.

For core businesses, Wistron will focus on growth opportunities in the personal computer, server, and display markets through customer/product portfolio adjustment, and new technology investments for gross profit rate improvement. We will enhance internal operational efficiency and core competitiveness by strengthening the digital transformation of data applications and by providing more transparent, timely, effective and forward-looking information to manufacturing, materials and R&D teams in order to optimize the quality and speed of decision-making.

For new businesses, Wistron also accelerated investment into new areas. Our development will focus on solutions related to enterprise cloud services, Internet of Things, medical equipment and electric vehicles. In addition, we will find partners through venture capital investment to deepen our product and services portfolio.

The primary goal of Wistron's digital transformation drive is to establish high-performance teams and achieve healthy business growth of business. By mastering big data and artificial intelligence technologies, we adopt Industry 4.0 into manufacturing management, and accelerate decision-making process in R&D management.

"Professional," "Care," and "Value" represent three focus areas for our management teams' mindset, behavior, and outcome that we are emphasizing to deliver this year. We continue to emphasize and strengthen upon our "corporate beliefs" of customer focus, integrity, innovation, and pursuit of excellence. We aim to instill these beliefs in a practical way into our operations to shape a company that radiates positive energy and positive business values.

Outlook for the Future

Looking forward toward the tremendous changes in the global economy and technology, Wistron will accelerate the pace of its transformation. Although the major international financial forecast agencies are optimistic about the current global economic climate, we still need to pay attention to whether trade protectionism will affect future global economic development. Furthermore, economic and environmental topics like U.S. currency and exchange rate policy, cross-strait economic and trade trends, and global climate change issues are also the challenges and opportunities that we must keep watching and facing.

As to the trend of smart technology in the era of the digital economy, the mode of industrial smart production and the discussion of how artificial intelligence and machine learning penetrate into the Internet will become the main battlefield for science and technology manufacturers in the next few years. Therefore, the Internet of Things application and Smart Technology will rapidly infiltrate the industry and inevitably lead to changes in the application of technology. All such directions deserve our continued attention.

In the long-term planning of corporate sustainability, Wistron follows the philosophy of "altruism" and adopts the vision of "using science and technology to enhance the quality of life and environment" as a corporate vision to steadily take during every step of its sustainable development. Furthermore, internally at all stages of our operations, we intend to reduce our impact on the environment; meanwhile, externally we provide products and services that have a positive impact on the quality of life and environment.

“Think Great and Act Smart” is the main theme of our core attitude that we emphasize for our digital transformation. To achieve business goals we adopt the strategy of diversification planning and will continue to improve the quality of technology and services allowing customers to continuously feel confident of the value that we can provide now and in the future. Technologies utilized within our sustainable business operations are also supporting the future for both our society and the environment while building long-term value for our shareholders. On behalf of Wistron employees, we wish to thank all our shareholders for your continued support and confidence.

Chairman: Simon Lin

President: Robert Hwang

Controller: Stone Shih



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of Wistron Corporation :

Opinion

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

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended December 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Provision of sales return and allowance

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

Description of key audit matter

Provision of sales return and allowance is one of the key judgmental areas for our audit, particularly in respect of the estimates made for rebates, discounts and returns under contractual requirements which valuated sales return and allowance.



How the matter was addressed in our audit

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

2. Inventory valuation

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

Description of key audit matter

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which leads to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as another key audit matter.

How the matter was addressed in our audit

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

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

KPMG

Taipei, Taiwan (Republic of China)

March 13, 2018

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such 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 Statements and Report Originally Issued in Chinese)
WISTRON CORPORATION
Statements of Comprehensive Income
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars , except for earnings per common share)

	2017		2016	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(k)(r) and 7)	\$ 765,438,943	100	613,214,569	100
5000 Cost of sales (notes 6(d)(g)(h)(i)(l)(m)(o)(p)(s), 7 and 12)	<u>745,603,066</u>	<u>97</u>	<u>589,217,765</u>	<u>96</u>
5900 Gross profit	<u>19,835,876</u>	<u>3</u>	<u>23,996,804</u>	<u>4</u>
5910 Realized (unrealized) inter-company profits	<u>(134,440)</u>	<u>-</u>	<u>220,777</u>	<u>-</u>
5950 Realized gross profit	<u>19,701,436</u>	<u>3</u>	<u>24,217,581</u>	<u>4</u>
Operating expenses (notes 6(c)(g)(h)(i)(l)(m)(o)(p)(s), 7 and 12):				
6100 Selling	2,579,863	-	3,659,548	1
6200 Administrative	2,192,499	-	2,213,758	-
6300 Research and development	<u>11,531,810</u>	<u>2</u>	<u>11,999,847</u>	<u>2</u>
Total operating expenses	<u>16,304,172</u>	<u>2</u>	<u>17,873,153</u>	<u>3</u>
Operating income	<u>3,397,264</u>	<u>1</u>	<u>6,344,428</u>	<u>1</u>
Non-operating income and expenses:				
7010 Other income (notes 6(l)(r) and 7)	306,847	-	264,103	-
7020 Other gains and losses (notes 6(r) and 12)	430,094	-	(195,318)	-
7050 Finance costs (note 6(r))	(1,682,720)	-	(1,123,119)	-
7070 Recognized share of subsidiaries, associates and joint ventures accounted for equity method (note 6(e))	<u>1,532,313</u>	<u>-</u>	<u>(1,843,632)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>586,534</u>	<u>-</u>	<u>(2,897,966)</u>	<u>(1)</u>
7900 Profit before tax	3,983,798	1	3,446,462	-
7950 Less: income tax expenses (note 6(n))	<u>98,282</u>	<u>-</u>	<u>485,361</u>	<u>-</u>
8200 Net profit	<u>3,885,516</u>	<u>1</u>	<u>2,961,101</u>	<u>-</u>
8300 Other comprehensive income (notes 6(e)(m)(n)(o)):				
8310 Components of other comprehensive income that will not be reclassified to profit or loss:				
8311 Remeasurements of the defined benefit liability	(71,738)	-	(171,708)	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	2,237	-	(2,385)	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(12,195)</u>	<u>-</u>	<u>(29,190)</u>	<u>-</u>
	<u>(57,306)</u>	<u>-</u>	<u>(144,903)</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss:				
8361 Exchange differences on translation of financial statements	(4,456,411)	(1)	(1,585,768)	-
8362 Unrealized losses on valuation of available-for-sale financial assets	(716,022)	-	(32,278)	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	353,668	-	(679,993)	-
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(58,383)</u>	<u>-</u>	<u>(13,617)</u>	<u>-</u>
	<u>(4,760,382)</u>	<u>(1)</u>	<u>(2,284,422)</u>	<u>-</u>
8500 Other comprehensive income, net of tax	<u>(4,817,688)</u>	<u>(1)</u>	<u>(2,429,325)</u>	<u>-</u>
Total comprehensive income	<u>\$ (932,172)</u>	<u>-</u>	<u>531,776</u>	<u>-</u>
Earnings per share (in dollars), after tax (note 6(q)):				
9750 Basic earnings per share	<u>\$ 1.48</u>		<u>1.16</u>	
9850 Diluted earnings per share	<u>\$ 1.45</u>		<u>1.13</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
WISTRON CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings			Other equity interest			Total equity				
	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Retained earnings subtotal	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) on available-for-sale financial assets	Others unearned compensation for restricted employee shares of stock	Treasury shares	Total other equity interest
Balance at January 1, 2016	20,707,328	7,161,606	1,394,277	13,606,494	22,162,377	3,442,745	(408,196)	(22,389)	(2,721,183)	3,012,160	68,715,506
Net profit	-	-	-	2,961,101	2,961,101	-	-	-	-	-	2,961,101
Other comprehensive income	-	-	-	(144,903)	(144,903)	(2,241,318)	(43,104)	-	-	(2,284,422)	(2,429,325)
Total comprehensive income	-	-	-	2,816,198	2,816,198	(2,241,318)	(43,104)	-	-	(2,284,422)	-
Appropriation and distribution of retained earnings	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	133,409	-	(133,409)	-	-	-	-	-	-	-
Special reserve	-	(1,394,277)	(1,394,277)	1,394,277	-	-	-	-	-	-	-
Cash dividends	-	-	-	(2,905,344)	(2,905,344)	-	-	-	-	-	(2,905,344)
Stock dividends	726,336	-	-	(726,336)	(726,336)	-	-	-	-	-	-
New share issued through employees' compensation	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures	240,202	-	-	-	-	-	-	-	-	-	496,015
accounted for using equity method	103,833	-	-	(1,739)	(1,739)	-	-	-	-	-	102,094
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	-
Treasury stock transferred to employees	-	-	-	(3,019)	(3,019)	-	-	-	(533,236)	-	(533,236)
Changes in ownership interests in subsidiaries	(18,197)	-	-	2,035	2,035	-	-	-	662,141	-	669,644
Share-based payments	21,353,585	7,295,015	-	14,049,157	21,344,172	1,201,427	(451,300)	(91,332)	(2,592,278)	656,406	172,210
Net profit	26,503,165	-	-	3,885,516	3,885,516	(3,942,392)	-	-	-	-	3,885,516
Other comprehensive income	-	-	-	(57,306)	(57,306)	(817,990)	(817,990)	-	-	(4,760,382)	(4,817,688)
Total comprehensive income	-	-	-	3,828,210	3,828,210	(3,942,392)	(817,990)	-	-	(4,760,382)	-
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	296,110	-	(296,110)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(3,042,169)	(3,042,169)	-	-	-	-	-	(3,042,169)
Stock dividends	760,542	-	-	(760,542)	(760,542)	-	-	-	-	-	-
New share issued through employees' compensation	234,900	-	-	-	-	-	-	-	-	-	615,440
Changes in equity of associates and joint ventures	38,934	-	-	-	-	-	-	-	-	-	38,934
accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-
Treasury stock transferred to employees	-	-	-	(41,924)	(41,924)	-	-	-	839,273	-	773,958
Changes in ownership interests in subsidiaries	-	-	-	(2,904)	(2,904)	-	-	-	-	-	(1,951)
Share-based payments	(11,727)	-	-	1,686	1,686	-	-	113,721	-	-	429,284
Balance at December 31, 2017	22,076,225	7,591,125	-	13,735,404	21,326,529	(2,740,965)	(1,269,290)	-	(1,753,005)	(4,010,255)	65,126,574

Note: The appropriations for 2017 and 2016, directors' compensation amounted to \$46,946 and \$40,619, employees' compensation amounted to \$711,308 and \$615,440, respectively, were recognized and accrued in the 2017 and 2016 earnings.

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
WISTRON CORPORATION

Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,983,798	3,446,462
Adjustments:		
Adjustments to reconcile net income to net cash generated from operating activities:		
Depreciation expense	1,092,762	1,627,693
Amortization expense	274,517	350,495
Bad debt expense (reversal of bad debts)	(43,095)	411,256
Net loss on financial assets or liabilities at fair value through profit or loss	443,290	578,303
Interest expense	1,682,720	1,123,119
Interest income	(98,522)	(113,057)
Dividend income	(132,225)	(106,123)
Compensation cost arising from shares based payments	427,935	170,582
Recognized share associates and joint ventures accounted for equity method	(1,532,313)	1,843,632
Gain on disposal of property, plant and equipment, net	(422)	(22,811)
Property, plant and equipment reclassified as expenses	7	206
Other assets reclassified as expense	3,285	-
Gain on disposal of intangible assets	-	(12,191)
Loss (gain) on disposal of investments	(288,310)	35,038
Unrealized (realized) inter-company profits	134,440	(220,777)
Other investments loss	13,521	35,653
Impairment loss on assets	98,682	223,530
Total adjustments to reconcile profit	2,076,272	5,924,548
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in notes and accounts receivable	4,121,960	2,359,867
Increase in accounts receivable-related parties	(70,185,524)	(26,768,024)
Decrease in other receivable-related parties	47,266	215,781
Increase in inventories	(6,479,280)	(1,663,376)
Increase in other current assets	(3,675,755)	(1,855,878)
Total changes in operating assets	(76,171,333)	(27,711,630)
Changes in operating liabilities:		
Increase in notes and accounts payable	5,075,272	10,185,790
Increase in accounts payable—related parties	30,212,004	54,289,910
Increase (decrease) in other payable—related parties	66,374	(1,693,836)
Increase (decrease) in provisions	(340,806)	74,669
Increase in other current liabilities	3,248,406	5,384,131
Decrease in other non-current liabilities	(22,732)	(231,395)
Total changes in operating liabilities	38,238,518	68,009,269
Net changes in operating assets and liabilities	(37,932,815)	40,297,639
Total changes in operating assets and liabilities	(35,856,543)	46,222,187
Cash generated from operating activities	(31,872,745)	49,668,649
Interest received	103,240	107,847
Dividends received	523,960	471,718
Interest paid	(1,611,117)	(1,126,275)
Income taxes paid	(1,500,472)	(1,550,295)
Net cash generated from (used in) operating activities	(34,357,134)	47,571,644
Cash flows used in investing activities:		
Decrease in other receivable-related parties	3,109,048	667,192
Increase in available-for-sale financial assets	(723,731)	(485,534)
Proceeds from disposal of available-for-sale financial assets	292,377	385,021
Increase in financial assets at cost	(186,788)	(302,571)
Return of capital of financial assets at cost	28,366	52,615
Increase in equity-accounted investees	(1,404,757)	(2,925,132)
Proceeds from disposal of equity-accounted investees	111,681	266,619
Proceeds from capital reduction of equity-accounted investees	1,813,038	332,855
Increase in property, plant and equipment	(283,830)	(531,748)
Proceeds from disposal of property, plant and equipment	105,839	31,611
Increase in intangible assets	(113,097)	(188,417)
Proceeds from disposal of intangible assets	-	12,191
Increase in other non-current assets	(48,580)	(359,431)
Net cash flows generated from (used in) investing activities	2,699,566	(3,044,729)
Cash flows used in financing activities:		
Increase of short-term borrowings	447,252,812	455,949,184
Repayment on short-term borrowings	(414,408,568)	(481,733,496)
Increase in long-term borrowings	10,872,489	6,348,022
Repayments on long-term borrowings	(15,014,093)	(7,557,347)
Decrease in deposits received	(269,207)	(186,501)
Cash dividends to shareholders	(3,040,820)	(2,903,716)
Purchase of treasury stock	-	(533,236)
Treasury stock transferred to employees	773,958	669,644
Net cash flows generated from (used in) financing activities	26,166,571	(29,947,446)
Net increase (decrease) in cash and cash equivalents	(5,490,997)	14,579,469
Cash and cash equivalents at beginning of year	38,416,842	23,837,373
Cash and cash equivalents at end of year	\$ 32,925,845	38,416,842

See accompanying notes to financial statements.



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Wistron Corporation:

Opinion

We have audited the consolidated financial statements of Wistron Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Provision of sales return and allowance

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

Description of key audit matter

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



How the matter was addressed in our audit

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

2. Inventory valuation

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

Description of key audit matter

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which leads to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as another key audit matter.

How the matter was addressed in our audit

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

Other Matter

Wistron Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unqualified opinion.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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



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

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

KPMG

Taipei, Taiwan (Republic of China)

March 13, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2017 and 2016

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

	2017		2016	
	Amount	%	Amount	%
4000 Net revenues (notes 6(k)(r) and 7)	\$ 836,081,023	100	659,908,231	100
5000 Cost of sales (notes 6(d)(g)(h)(l)(m)(o)(p)(s), 7 and 12)	804,441,620	96	628,263,714	95
5900 Gross profit	31,639,403	4	31,644,517	5
Operating expenses (notes 6(c)(g)(h)(l)(m)(o)(p)(s), 7 and 12):				
6100 Selling	8,181,473	1	8,883,365	1
6200 Administrative	2,843,082	-	2,954,205	1
6300 Research and development	14,701,037	2	13,794,877	2
Total operating expenses	25,725,592	3	25,632,447	4
Operating income	5,913,811	1	6,012,070	1
Non-operating income and expenses:				
7010 Other income (notes 6(l)(r) and 7)	1,314,145	-	1,167,000	-
7020 Other gains and losses (note 6(r))	1,378,642	-	(369,899)	-
7050 Finance costs (note 6(r))	(2,756,041)	-	(1,981,651)	-
7060 Recognized share of associates and joint ventures accounted for equity method (note 6(e))	307,854	-	(70,420)	-
	244,600	-	(1,254,970)	-
7900 Profit before tax	6,158,411	1	4,757,100	1
7950 Less: income tax expense (note 6(n))	1,796,920	-	1,764,096	-
8200 Net profit	4,361,491	1	2,993,004	1
8300 Other comprehensive income (notes 6(e)(m)(n)(o)):				
8310 Components of other comprehensive income that will not be reclassified to profit or loss:				
8311 Remeasurements of the defined benefit liability	(69,331)	-	(170,254)	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method	96	-	(3,654)	-
8349 Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(11,929)	-	(29,005)	-
	(57,306)	-	(144,903)	-
8360 Components of other comprehensive income that will be reclassified to profit or loss:				
8361 Exchange differences on translation of foreign financial statements	(3,932,360)	(1)	(2,062,812)	(1)
8362 Unrealized losses on valuation of available-for-sale financial assets	(836,636)	-	(103,294)	-
8370 Share of other comprehensive income of associates and joint ventures accounted for equity method	(84,862)	-	(150,702)	-
8399 Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	(90,091)	-	(30,725)	-
	(4,763,767)	(1)	(2,286,083)	(1)
Total other comprehensive income, net of tax	(4,821,073)	(1)	(2,430,986)	(1)
8500 Total comprehensive income	\$ (459,582)	-	562,018	
Net profit attributable to:				
8610 Owners of parent	\$ 3,885,516	1	2,961,101	1
8620 Non-controlling interests	475,975	-	31,903	-
	\$ 4,361,491	1	2,993,004	1
Comprehensive income attributable to:				
8710 Owners of parent	\$ (932,172)	-	531,776	-
8720 Non-controlling interests	472,590	-	30,242	-
Total comprehensive income	\$ (459,582)	-	562,018	-
Earnings per share (in dollars), after tax (note 6(q))				
9750 Basic earnings per share	\$ 1.48		1.16	
9850 Diluted earnings per share	\$ 1.45		1.13	

See accompanying notes to financial statements.

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

Consolidated Statements of Changes in Equity
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Total equity attributable to owners of parent	
	Capital stock					Retained earnings						Other equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Other unearned compensation for restricted employee share of stock	Treasury stock	Non-controlling interests	Total equity
Balance at January 1, 2016	\$ 25,554,824	20,707,328	7,161,606	1,394,277	13,606,494	22,162,377	3,442,745	(408,196)	(22,389)	(2,721,183)	501,707	69,217,213
Net profit	-	-	-	-	2,961,101	2,961,101	(2,241,318)	(43,104)	-	-	31,903	2,993,004
Other comprehensive income	-	-	-	-	(144,903)	(144,903)	(2,284,422)	(43,104)	-	-	(1,661)	(2,430,986)
Total comprehensive income	-	-	-	-	2,816,198	2,816,198	(2,241,318)	(43,104)	-	-	30,242	562,018
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	133,409	-	(133,409)	-	-	-	-	-	-	-
Reversal at special reserve	-	-	-	(1,394,277)	1,394,277	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,905,344)	(2,905,344)	-	-	-	-	-	(2,905,344)
Stock dividends	726,336	-	-	-	(726,336)	-	-	-	-	-	-	-
New share issued through employees' compensation	240,202	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	103,833	-	-	(1,739)	(1,739)	-	-	-	-	-	496,015
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	-	102,094
Treasury stock transferred to employees	-	-	-	-	-	-	-	-	-	(633,236)	-	(633,236)
Changes in ownership interests in subsidiaries	-	7,503	-	-	-	-	-	-	-	662,141	-	669,644
Share-based payment transactions	(18,197)	(596)	-	-	(3,019)	(3,019)	-	-	-	-	-	(3,615)
Changes in non-controlling interests	-	279,704	-	-	2,035	2,035	-	-	(91,332)	-	-	172,210
Balance at December 31, 2016	26,503,165	21,353,585	7,295,015	-	14,049,157	21,344,172	1,201,427	(451,300)	(113,721)	(2,592,278)	191,450	67,968,449
Net profit	-	-	-	-	3,885,516	3,885,516	(3,942,392)	(817,990)	-	-	475,975	4,361,491
Other comprehensive income	-	-	-	-	(57,306)	(57,306)	(3,942,392)	(817,990)	-	-	(3,385)	(4,821,073)
Total comprehensive income	-	-	-	-	3,828,210	3,828,210	(3,942,392)	(817,990)	-	-	(3,385)	(459,582)
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	296,110	-	(296,110)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(1,394,277)	(1,394,277)	-	-	-	-	-	-	(1,394,277)
Stock dividends	760,542	-	-	-	(760,542)	-	-	-	-	-	-	-
New share issued through employees' compensation	234,900	380,540	-	-	(760,542)	(760,542)	-	-	-	-	-	(3,042,169)
Changes in equity of associates and joint ventures accounted for using equity method	-	38,934	-	-	-	-	-	-	-	-	-	615,440
Treasury stock transferred to employees	-	-	-	-	-	-	-	-	-	-	-	38,934
Changes in ownership interests in subsidiaries	-	(23,391)	-	-	(41,924)	(41,924)	-	-	-	839,273	-	773,958
Share-based payments transactions	-	953	-	-	(2,904)	(2,904)	-	-	-	-	-	(1,951)
Changes in non-controlling interests	(11,727)	325,604	-	-	1,686	1,686	-	113,721	-	-	-	429,284
Balance at December 31, 2017	\$ 27,486,880	22,076,225	7,591,125	-	13,735,404	21,326,529	(2,740,965)	(1,269,290)	(4,010,255)	(1,753,005)	98,699	66,421,062

See accompanying notes to financial statements.

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

Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities:		
Profit before tax	\$ 6,158,411	4,757,100
Adjustments to reconcile net income to net cash generated from operating activities:		
Depreciation expense	7,592,580	7,657,414
Amortization expense	315,209	392,107
Bad debt expense (reversal at bad debts)	(42,378)	200,115
Net loss on financial assets or liabilities at fair value through profit or loss	404,559	1,028,106
Interest expense	2,756,041	1,981,651
Interest income	(1,078,725)	(933,695)
Dividend income	(137,054)	(108,650)
Compensation cost arising from shares-based payment	443,049	173,179
Recognized share of associates and joint ventures accounted for equity method	(307,854)	70,420
Loss on disposal of property, plant and equipment	80,668	383,549
Property, plant and equipment reclassified as expenses	6,162	511
Other assets reclassified as expense	56,585	46,977
Gain on disposal of intangible assets	-	(72,753)
Loss (gain) on disposal of investments	(351,953)	9,317
Impairment loss on non-financial assets	54,876	377,110
Other investments loss	14,049	40,611
	<u>9,805,814</u>	<u>11,245,969</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes and accounts receivable	(7,574,170)	(135,849)
Decrease (increase) in accounts receivable-related parties	(105,200)	514,100
Decrease (increase) in other receivable-related parties	(144,784)	17
Decrease (increase) in inventories	(30,823,106)	487,616
Increase in other current assets	(5,407,885)	(747,195)
Total changes in operating assets	<u>(44,055,145)</u>	<u>118,689</u>
Changes in operating liabilities:		
Increase in notes and accounts payable	14,528,775	25,518,957
Decrease in accounts payable-related parties	(871,283)	(907,250)
Decrease in other payable-related parties	(184,507)	(22,845)
Increase (decrease) in provisions	(199,958)	52,514
Increase in other current liabilities	5,339,079	8,024,709
Increase (decrease) in other non-current liabilities	41,395	(322,041)
Total changes in operating liabilities	<u>18,653,501</u>	<u>32,344,044</u>
Net changes in operating assets and liabilities	<u>(25,401,644)</u>	<u>32,462,733</u>
Total changes in operating assets and liabilities	<u>(15,595,830)</u>	<u>43,708,702</u>
Cash generated from (used in) operations	<u>(9,437,419)</u>	<u>48,465,802</u>
Interest received	1,175,540	999,360
Dividends received	505,361	500,167
Interest paid	(2,710,909)	(2,074,827)
Income taxes paid	(2,671,559)	(2,532,228)
Net cash generated from (used in) operating activities	<u>(13,138,986)</u>	<u>45,358,274</u>
Cash flows generated from (used in) investing activities:		
Decrease in other receivable-related parties	1,859	11,020
Increase in available-for-sale financial assets	(14,237,984)	(7,101,721)
Proceeds from disposal of available-for-sale financial assets	14,341,468	6,194,401
Increase in financial assets at cost	(198,112)	(357,662)
Return of capital of financial assets at cost	35,558	61,204
Increase in equity-accounted investees	(360,427)	(529,648)
Proceeds from disposal of equity-accounted investees	18	371,535
Increase in property, plant and equipment	(7,411,710)	(6,493,097)
Proceeds from disposal of property, plant and equipment	118,694	452,293
Increase in of intangible assets	(126,666)	(443,013)
Proceeds from disposal of intangible assets	-	293,141
Decrease in refundable deposits	17,102	23,058
Increase in other financial assets-current	(25,250)	(267,366)
Increase in other non-current assets	(2,337,614)	(2,874,447)
Net cash outflow from business combination	-	(124,820)
Net cash flows used in investing activities	<u>(10,183,064)</u>	<u>(10,785,122)</u>
Cash flows generated from (used in) financing activities:		
Increase of short-term loans	590,436,868	533,423,556
Repayments of short-term loans	(550,538,763)	(564,627,844)
Increase in long-term loans	10,872,489	6,348,022
Repayments of long-term loans	(15,014,094)	(7,565,957)
Decrease in deposits received	(263,782)	(185,444)
Cash dividends to shareholders	(3,040,820)	(2,903,716)
Retirement of treasury stock	-	(533,236)
Treasury stock transferred to employees	773,958	669,644
Change in non-controlling interests	194,622	429,599
Net cash flows generated from (used in) financing activities	<u>33,420,478</u>	<u>(34,945,376)</u>
Effect of exchange rate changes	<u>(1,673,361)</u>	<u>(626,480)</u>
Net increase (decrease) in cash and cash equivalents	<u>8,425,067</u>	<u>(998,704)</u>
Cash and cash equivalents at beginning of year	<u>57,561,050</u>	<u>58,559,754</u>
Cash and cash equivalents at end of year	<u>\$ 65,986,117</u>	<u>\$ 57,561,050</u>

See accompanying notes to financial statements.

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2017 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Wistron's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Wistron Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Wistron Corporation

Convener of the Audit Committee :



March 13, 2018

Attachment 3

Wistron Corporation
Profit Appropriation Statement for 2017

Unit: NT\$

Undistributed Earnings at the Beginning of the year		9,950,335,886
Plus(Minus):		
Remeasurements of the defined benefit liability	(57,306,513)	
Loss on treasury stock transactions	(41,923,866)	
Changes in ownership interests in subsidiaries	(2,903,943)	
Share-based payment transactions	1,686,198	
Net Profit	3,885,515,885	
Minus:		
Legal Reserve	(388,551,589)	
Special Reserve	(4,010,254,593)	
Distributable Earnings		9,336,597,465
Distribution Items:		
Stock Dividends to Common Shareholders	(802,049,830)	
Cash Dividends to Common Shareholders	(3,208,199,283)	(4,010,249,113)
Undistributed Earnings at the end of the year		5,326,348,352

Note1: Stock dividend: NT\$0.3 per share.

Note2: Cash dividend: NT\$1.2 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: Simon Lin

President: Robert Hwang

Controller: Stone Shih