

Wistron Corporation 2017 Annual Report

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This English version Annual Report is a summary translation of the Chinese version Wistron Annual Report. This document is created for the sole purpose of the convenience of its readers and is not an official document to represent the financial position of the company per Taiwan laws.

Wistron Corporation does not guarantee the accuracy of this translated document. Readers wishing to view the official audited version of Wistron's financial reports can obtain a copy of the Wistron Annual Report (Chinese version) on the Wistron Corporation website (www.wistron.com).

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1. Letter to Shareholders

Dear Shareholders,

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



2. Company Introduction

2.1 Quick facts

- Wistron Corporation was formally established on May 30, 2001.
- Major OEM/ODM provider for global top-10 ICT (Information and Communication Technology) brands.
- Product development focus is on ICT products, including Notebook, Desktop, Servers and Storage systems, IA (information appliances), Networking, Communication products, LCD TV, Monitor, Application PC, Rugged mobile computer, Smart phone and Handheld Devices.
- Provides wide range of Design, Manufacturing and After-sales service support functions for ICT products.
- Among top 20 manufacturing companies in Taiwan .(based on revenue)
- Customer base mostly comprised of global, branded IT companies.
- Headquarters in Taiwan with multiple country operating sites, including Asia, North America and Europe.
- Approximately 80,000 personnel as of December 31, 2017.
- Publicly listed company on the Taiwan Stock Exchange. (Stock symbol 3231.tw or 3231.tt)

2.2 Business Summary

With headquarters in Taipei, Taiwan, Wistron Corporation is a leading ODM and service company that focuses on providing leading OEMs in the global technology industry with quality and effective end-to-end services from initial product conceptualization and product development to volume manufacturing, after-sales services and e-waste recycling. Wistron provides customers with sophisticated and comprehensive design and system integration capabilities, reliable and cost-effective production and logistics support, and quality product development and after-sales services. The product portfolio covers a wide range of technology products including notebook personal computers (“PCs”), tablets, mobile communication products, server and storage systems, desktop PCs, LCD TV, and other consumer electronics. Wistron is one of the largest manufacturers of notebook PCs in the world in terms of global shipment volumes and a leading manufacturer of desktop, server and storage systems and handheld devices.

As a leading ODM manufacturer, Wistron sells products to prominent vendors who distribute these products under their own brands. Wistron views customers as partners and typically work closely with them to develop existing and new products. Wistron manages operations through strategic business groups organized by major products and services categories. Each strategic business group has its own focused group of products and customers, as well as dedicated personnel and manufacturing facilities to handle end-to-end responsibilities for its own customers, products, and services. Wistron believes this “end-to-end” approach allows better focus on customer and profit-oriented R&D, cost management, production efficiency, and individual customer needs, which

enhances long-term business performance and customer loyalty. Wistron manages other aspects of business operations, such as company-wide strategy planning, finance, investment, human resources, information systems, and legal compliance on a centralized basis to take advantage of economies of scale and other synergies.

Wistron employs over 80,000 personnel worldwide, strategically located in Asia, America and Europe in various design, manufacturing, R&D, e-waste recycling and after-sales services centers. Manufacturing facilities are located in China, Taiwan, Malaysia, Mexico and Czech Republic. Wistron maintains logistics facilities--comprising more than 70 logistics hubs worldwide--close to the facilities of customers in the United States, Europe and Asia. For e-waste recycling, the operations are located in United States and China. The after-sales service partner network spans three continents in countries such as the United States, Brazil, Chile, Colombia, the Czech Republic, the PRC, Taiwan, Singapore, Hong Kong, Japan, Turkey, Philippines, Mexico and India.

Our network of manufacturing facilities, customer services centers and logistics facilities provides us with a global presence which allows our customers worldwide to work closely with us from the design and development phases to the manufacturing, distribution and after-sales services stages. Our operations network also permits us to simultaneously undertake multi-location manufacturing and to arrange timely delivery to our customers or other end-users anywhere worldwide, often resulting in cost savings on transportation and tariffs. In addition, our management culture and experience have helped us achieve closer ties to our customers and greater economies of scale, while meeting the specific requirements of our customers. This discipline will help us achieve our goal of becoming the leading technology service provider in each new generation of consumer electronics products.

2.3 Public listing

On August 19 2003, Wistron Corporation's shares were listed on the Taiwan Stock Exchange.

2.4 Milestones

- May 2001 ■ Wistron Corporation was founded with paid-in capital of NT\$10 million.
- Aug. 2001 ■ Increased capital to NT\$1 billion.
- Nov. 2001 ■ The Kunshan (China) site was registered.
- Dec. 2001 ■ The Industrial park plant was registered.
- Feb. 2002 ■ Split from Acer Incorporated.
- Apr. 2002 ■ Injected capital to NT\$5 billion to inherit from Acer Incorporated. all the assets, liabilities, related rights and obligations, as well as legal ownership (including ownership of plants in Hsinchu, Zhongshan, Subic Bay in Philippines, Mexico and Hungary).
 - Issued 72 million units of employee stock options.
- Jun. 2002 ■ Entered into strategic alliance agreement with Taipei Customs Bureau and established strategic partnership.
- Jul. 2002 ■ Raised funds of NT\$6.75 billion by issuing 300 million stock shares at a premium price of NT\$22.5 by means of cash injection. The paid-in capital amounted to NT\$8 billion.
 - The Kunshan (China) site passed the ISO 9001:2000 certification.
- Dec. 2002 ■ Acer Incorporated completed its stock release, lowering its stock share in Wistron Corporation from 79% to 49%.
 - Two notebook models J1 and AJ received the “Certificate of Good Design” award by the Industrial Development Bureau.
 - Two notebook models J1 and AJ received “Certificate of Excellence” as part of the National Product Image Awards from the Ministry of Economic Affairs.
 - Established the Corporate Operation Headquarters in Taiwan with the approval of the Ministry of Economic Affairs.
- Feb. 2003 ■ The Zhongshan (China) site passed the ISO 9001:2000 certification.
- Mar. 2003 ■ Received NT\$99,620,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$8,099,620,000.
- Apr. 2003 ■ The Zhongshan (China) site passed the TL 9000 R3.0 certification.
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the SONY OEM Green Partner certification.
- May 2003 ■ Established the Innovative R&D Center in Taiwan with the approval of the Ministry of Economic Affairs.
- Aug. 2003 ■ Received NT\$18,350,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$8,117,970,000.
 - Wistron Corporation was officially and publicly listed on the Taiwan Stock Exchange. Wistron Corporation is the first high-technology company publicly listed using new procedures after the enactment of the Taiwan Company Merger Law.
 - The Kunshan (China) site passed the ISO 14001:1996 certification.
- Oct. 2003 ■ J2 and B2i notebooks, K3D multimedia notebook, W3D Desknote, SP200 smart PDA and Kuofer mini/portable speaker received the “Certificate of Good Design” award by the Industrial Development Bureau.
- Nov. 2003 ■ Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the OHSAS 18001:1999 certification.

- Increased NT\$558,381,000 through capitalization of profits and received NT\$32,900,000 through converting employee stock options to common shares. The paid-in capital amounted to NT\$8,709,251,000.
- Dec. 2003 ■ Established Wistron InfoComm Technology (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Jan. 2004 ■ The Kunshan (China) site passed the OHSAS 18001:1999 certification.
- Feb. 2004 ■ Issued US\$120 million aggregate principal amount of Zero Coupon Convertible Notes Due 2009.
 - Established Win Precision (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Apr. 2004 ■ Received NT\$114,740,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$8,823,991,000.
- May 2004 ■ Wistron ranked (in revenue) 17th among Taiwan manufacturing companies in 2003 (source: Common Wealth magazine and Business Weekly magazine).
 - Established Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Jun. 2004 ■ The Zhongshan (China) site passed the ISO 14001:1996 certification and the OHSAS 18001:1999 certification.
- Jul. 2004 ■ The Kunshan (China) site passed the ISO 9001:2000/TL9000 R3.0 certification.
- Aug. 2004 ■ Established Wistron Service (Kunshan) Corp. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Sep. 2004 ■ Increased NT\$585,699,550 through capitalization of profits and received NT\$80,220,000 converting employee stock options to common shares. The paid-in capital amounted to NT\$9,489,910,550.
- Nov. 2004 ■ Win Precision (Kunshan) Co., Ltd. changed its name to Wis Precision (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Jan. 2005 ■ Received NT\$3,230,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$9,493,140,550.
- Apr. 2005 ■ Wistron ranked (revenue) 16th among Taiwan manufacturing companies in 2004 (source: the Common Wealth magazine and the Business Weekly magazine).
 - Wistron ranked (revenue) 31st among all Taiwan companies in 2004 (source: China Credit Information Service).
 - Received NT\$14,270,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$9,507,410,550.
- Jun. 2005 ■ Received NT\$76,500,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$9,583,910,550.
- Sep. 2005 ■ Issued NT\$2.5 billion of Depositary Receipts, of which NT\$1.5 billion were deposited by Wistron and NT\$1.0 billion deposited by Acer.
- Oct. 2005 ■ Issued and delivered Common Shares to the converting holders of ECB for NT\$217,928,720, and issued common shares of GDR offering for NT\$1,500 million, and converted employee stock options to common shares for NT\$11,405,689,270. The paid-in capital amounted to NT\$11.4 billion.
 - Established Wistron Service (Shanghai) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Dec. 2005 ■ The Philippines site passed the TL 9000 R3.0 certification.

- Jan. 2006 ■ Issued and delivered Common Shares to the converting holders of ECB for NT\$333,703,130, and converted employee stock options to common shares for NT\$43,350,000. The paid-in capital amounted to NT\$11,782,742,400.
- Apr. 2006 ■ Issued and delivered Common Shares to the converting holders of ECB for NT\$170,238,960, and converted employee stock options to common shares for NT\$10,640,000. The paid-in capital amounted to NT\$11,963,621,360.
- The Kunshan (China) site passed the ISO 14001:2004 certification.
- May 2006 ■ Wistron ranked (revenue) 14th among Taiwan manufacturing companies in 2005 (source: Business Weekly magazine).
- Wistron ranked (revenue) 17th among Taiwan manufacturing companies in 2005 (source: Common Wealth magazine).
- The Zhongshan (China) site, the Philippines site, Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO 14001:2004 certification.
- Jun. 2006 ■ Wistron ranked 18th among Global Information Technology companies in 2006 (source: BusinessWeek magazine).
- Wistron ranked 7th among Taiwan Information Technology companies in 2006 (source: BusinessNext magazine in cooperation with BusinessWeek magazine).
- Aug. 2006 ■ Increased NT\$759,947,000 through capitalization of profits. The paid-in capital amounted to NT\$12,723,568,360.
- Sep. 2006 ■ The Kunshan (China) site passed the IECQ QC 080000:2005 certification.
- Jan. 2007 ■ The Zhongshan (China) site passed the IECQ QC 080000:2005 certification.
- The Czech Republic site was registered.
- Mar. 2007 ■ The Philippines site, Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the IECQ QC 080000:2005 certification.
- Wistron recognized as one of the Best Overall for Corporate Governance in Taiwan. (source: AsiaMoney).
- May 2007 ■ Wistron ranked (revenue) 16th among Taiwan manufacturing companies in 2006 (source: Common Wealth magazine).
- Jul. 2007 ■ Wistron ranked 28th among Global Information Technology companies in 2007 (source: BusinessWeek magazine).
- Wistron ranked 28th among Taiwan Information Technology companies in 2007 (source: BusinessNext magazine in cooperation with BusinessWeek magazine).
- Acquired Wistron Optronics (Shanghai) Corporation and Wistron optronics (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Aug. 2007 ■ Increased NT\$1,095,692,340 through capitalization of profits. The paid-in capital amounted to NT\$13,819,260,700.
- Established Zhongshan Deyi Electrical Equipment Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Sep. 2007 ■ Wistron recognized as one of the Asia Pacific's Best Big Public Companies. (source: Forbes Asia magazine).
- The Philippines site, Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the TL 9000 R4.0 certification.
- Feb. 2008 ■ The Czech site passed the ISO 9001:2000 certification.

- Mar. 2008 ■ Wistron ranked in Top 100 highest growth Asian companies in 2007. (Asia: #63; Taiwan: #8; computer industry: #5) (source: Toyo Keizai magazine (Japan)) .
- Apr. 2008 ■ Acquired Changshu Pu Yuan Electronics Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- May 2008 ■ Wistron ranked (revenue) 14th among Taiwan manufacturing companies in 2007 (source: Common Wealth magazine).
- Wistron ranked 40th among Global Information Technology companies. (source: Business Week magazine).
 - Wistron ranked 11th among Taiwan Information Technology companies. (source: BusinessNext magazine in cooperation with BusinessWeek magazine).
 - Established SMS (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
 - Established Wistron Optronics (Shanghai) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Jul. 2008 ■ Increased NT\$240,000,000 cash offering common shares through private placement. The paid-in capital amounted to NT\$14,059,260,700.
- Aug. 2008 ■ Established Wistron InfoComm Technology (Zhongshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Sep. 2008 ■ Increased NT\$1,107,106,390 through capitalization of profits. The paid-in capital amounted to NT\$15,166,367,090.
- Wistron recognized as one of the Asia Pacific's Best Big Public Companies. (source: Forbes Asia magazine).
- Dec. 2008 ■ Acquired Hsieh-Yuh Electronics Technology (Zhong Shan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Feb. 2009 ■ The Czech Republic site passed the OHSAS 18001:2007 certification.
- May 2009 ■ Wistron ranked (revenue) 7th among Taiwan manufacturing companies in 2008 (source: Common Wealth magazine).
- Jun. 2009 ■ Raised funds of US\$223.5 million by issuing 15 million units Depository Receipts at a price of US\$14.9 per unit. The paid-in capital amounted to NT\$16,666,367,090.
- Wistron ranked 8th among Global Information Technology companies. (source: Business Week magazine).
 - Wistron ranked 1st among Taiwan Information Technology companies. (source: BusinessNext magazine in cooperation with BusinessWeek magazine).
- Aug. 2009 ■ Increased NT\$1,839,791,170 through capitalization of profits. The paid-in capital amounted to NT\$18,506,158,260.
- The Czech Republic site passed the ISO 14001:2004 certification .
 - The Juarez (Mexico) site passed the OHSAS 18001:2007 certification.
- Sep. 2009 ■ The Zhongshan (China) site passed the ISO 9001:2008 certification.
- Oct. 2009 ■ Established Wistron InfoComm (Taizhou) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Wistron recognized as one of the Asia Pacific's Best Big Public Companies. (source: Forbes Asia magazine).
- Nov. 2009 ■ Established WIS Precision (Taizhou) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.

- Dec. 2009
- Established WIT Technology (Taizhou) Co., Ltd with the approval of the Investment Commission, Ministry of Economic Affairs.
 - The Zhongshan (China) site passed the TL 9000 R5.0 certification.
- Feb. 2010
- Received NT\$136,530,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$18,642,688,260.
- Mar. 2010
- Wistron recognized as one of the “CSR Best 65 Companies” in Taiwan. (source: Global Views Monthly).
- Apr. 2010
- Received NT\$55,250,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$18,697,938,260.
- May 2010
- Wistron recognized as part of Forbes’ “Global 2000” and a “Global High Performer”. (source: Forbes Asia magazine).
 - Wistron ranked (revenue) 6th among Taiwan manufacturing companies in 2009 (source: Common Wealth magazine).
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO13485:2003 certification.
 - Received NT\$4,760,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$18,702,698,260.
- Jun. 2010
- Wistron ranked 6th among Taiwan Information Technology companies. (source: BusinessNext magazine in cooperation with BusinessWeek magazine).
- Jul. 2010
- Acquired Hartec Technology (Kunshan) Co., Ltd with the approval of the Investment Commission, Ministry of Economic Affairs.
 - Established Wistron Advanced Materials (Kunshan) Co. Ltd with the approval of the Investment Commission, Ministry of Economic Affairs.
 - Wistron ranked 10th among Top Large Enterprises of Taiwan’s Best Corporate Citizens in 2010 (source: CommonWealth magazine).
- Aug. 2010
- Increased NT\$935,134,920 through capitalization of profits. The paid-in capital amounted to NT\$19,637,833,180.
- Sep. 2010
- Received NT\$3,500,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$19,641,333,180.
 - Established BriVision Optronics (Zhongshan) Corp. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Oct. 2010
- Established “Wistron Foundation”.
 - Acquired Zhongshan Global Lighting Technology Limited Co. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Nov. 2010
- Received NT\$8,740,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$19,650,073,180.
 - Established Information SuperGrid Technology Beijing Inc. with the approval of the Investment Commission, Ministry of Economic Affairs.
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the TL 9000 R5.0 / ISO 9001:2008 certification.
 - The Juarez (Mexico) site passed the ISO 9001:2008 certification.
- Dec. 2010
- Acquired Zhongshan Huamao Trading Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Feb. 2011
- Established the Neihu Headquarters in Taiwan.

- Mar. 2011 ■ Established Wistron Holding (Sichuan) Co., Ltd. and Wistron InfoComm (Chengdu) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Received NT\$205,720,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$19,855,793,180.
- Apr. 2011 ■ Wistron recognized as one of Forbes Global 2000 companies .
- May 2011 ■ Wistron ranked 6th among Taiwan manufacturing companies .(source: Common Wealth magazine).
- Received NT\$5,730,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$19,861,523,180.
- Investment on New build WISTRON TECHNOLOGY (MALAYSIA) SDN.BHD.
- Jun. 2011 ■ Wistron recognized by BusinessNext magazine as one of “Asia/Taiwan Info Tech 100”companies.
- Established Wistron InfoComm (CHONGQING) Co.Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
- Jul. 2011 ■ Wistron recognized as one of Fortune Global 500 companies .
- Aug. 2011 ■ Wistron ranked 8th among Top Large Enterprises of Taiwan’s Best Corporate Citizens (source: CommonWealth magazine).
- Sep. 2011 ■ Established Wistron Win Technology Service (Beijing) Limited with the approval of the Investment Commission, Ministry of Economic Affairs.
- Increased NT\$984,339,160 through capitalization of profits, and Received NT\$2,950,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$20,848,812,340.
- The Zhongshan (Optical Campus) site passed the ISO 9001:2008 certification.
- Oct. 2011 ■ The Chongqing site passed the ISO 9001:2008 / ISO 14001:2004 certification..
- The Juarez (Mexico) site passed the ISO 14001:2004 certification.
- Nov. 2011 ■ Wistron won a TWSE’s award of ”Outstanding Disclosure Award for Listed Companies’ Corporate Sustainability and Social Responsibility Reports”.
- (TWSE: Taiwan Stock Exchange Corporation).
- The Zhongshan (Optical Campus) site passed the ISO 14001:2004 / OHSAS18001:2007certification.
- Dec. 2011 ■ Wistron recognized by Ministry of Economic Affairs as one of “Taiwan’s 100 Most Innovative Companies of 2011”.
- Investment on New build Service Management Solutions Colombia S.A.S..
- Jan. 2012 ■ Received NT\$1,160,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$20,849,972,340.
- Apr. 2012 ■ Wistron recognized as one of Forbes Global 2000 companies.
- Issued and delivered common shares to the converting holders of ECB for NT\$2,430,580, and converted employee stock options to common shares for NT\$79,330,000. The paid-in capital amounted to NT\$20,931,732,920.
- May 2012 ■ The Juarez (Mexico) site passed the TL9000 R5.0 certification.
- Wistron ranked 6th among Taiwan manufacturing companies .(source: Common Wealth magazine).

- Received NT\$8,420,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$20,940,152,920.
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO 14001:2004 / OHSAS 18001:2007 re-certification.
- Jun. 2012 ■ Wistron recognized by BusinessNext magazine as one of “Asia/Taiwan Info Tech 100” companies.
- Jul. 2012 ■ The Chengdu site passed the ISO9001:2008 / 14001:2004 certification.
 - Wistron recognized as one of Fortune Global 500 companies .
 - Established Wistron InfoComm (Qingdao) Co.,Ltd with the approval of the Investment Commission, Ministry of Economic Affairs.
- Aug. 2012 ■ Wistron ranked 17th among Top Large Enterprises of Taiwan’s Best Corporate Citizens (source: CommonWealth magazine).
 - Increased NT\$1,039,278,650 through capitalization of profits. The paid-in capital amounted to NT\$21,979,431,570.
 - The Kunshan site passed the OHSAS 18001:2007 re-certification.
- Oct. 2012 ■ The Chongqing site passed the OHSAS18001:2007 certification.
- Nov. 2012 ■ The Juarez (Mexico) site passed the OHSAS18001:2007 certification.
 - The Taizhou site passed the ISO9001:2008 certification.
 - The Kunshan site and Taipei R&D team passed the ISO16949:2009 certification.
- Feb. 2013 ■ The Taizhou site passed the ISO14001:2004 certification.
- Mar. 2013 ■ Established ANWITH (KunShan) CO.,LTD with the approval of the Investment Commission, Ministry of Economic Affairs.
- Apr. 2013 ■ Received NT\$260,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$21,979,691,570.
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO 50001:2011 certification.
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
 - The Zhongshan site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
 - The Kunshan site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
 - Wistron recognized as one of Forbes Global 2000 companies.
- May 2013 ■ Wistron ranked 7th among Taiwan manufacturing companies .(source: Common Wealth magazine).
- Jun. 2013 ■ The Juarez (Mexico) site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
 - The Czech Republic site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
- Jul. 2013 ■ The Kunshan site passed the IECQ QC 080000:2012 certification.
 - Wistron recognized by the Ministry of Economic Affairs as one of the winners of “Award for International Trade in 2013”.
- Aug. 2013 ■ The Chengdu site passed the OHSAS 18001:2007 certification.
 - Wistron ranked 17th among Top Large Enterprises of Taiwan’s Best Corporate Citizens (source: CommonWealth magazine).

- Established Wistron InfoComm Technology Service (Kunshan) Co., Ltd with the approval of the Investment Commission, Ministry of Economic Affairs.
 - Increased NT\$1,326,291,250 through capitalization of profits, and capital reduction via buyback treasury stocks nullification for NT\$154,580,000. The paid-in capital amounted to NT\$23,151,402,820.
- Sep. 2013
 - The Zhongshan site passed the IECQ QC 080000:2012 certification.
 - Issued of restricted stocks award to key employees for NT\$627,950,000. The paid-in capital amounted to NT\$23,779,352,820.
- Nov. 2013
 - Received NT\$2,250,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$23,781,602,820.
- Jan. 2014
 - The Taizhou site passed the IECQ QC 080000:2012 certification.
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the GMP certification.
 - The Kunshan Optronics site passed the IECQ QC 080000:2012 certification.
- Feb. 2014
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the IECQ QC 080000:2012 certification.
 - The Texas site passed the ISO9001:2008 certification.
 - The Texas site passed the ISO14001:2004 certification.
- Mar. 2014
 - The Zhongshan site passed the TL9000-H R5.0/R5.0/ ISO 9001:2008 re-certification.
 - The Czech site passed the ISO9001:2008 re-certification.
 - The Czech site passed the ISO14001:2004 re-certification.
 - The Czech site passed the OHSAS18001:2007 re-certification.
 - The Texas site passed the OHSAS18001:2007 certification.
- Apr. 2014
 - Wistron recognized as one of Forbes Global 2000 companies.
- May 2014
 - Wistron ranked 7th among Taiwan manufacturing companies (source: Commonwealth magazine).
- Jun. 2014
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
 - The Zhongshan/Kunshan/Chengdu/Chongqing/Czech/Mexico sites acquired the ISO 14064-1:2006 greenhouse gas verification statements.
- Jul. 2014
 - The Taizhou site passed the ISO14001:2004 certification.
- Aug. 2014
 - Wistron ranked 25th among Top Large Enterprises of Taiwan's Best Corporate Citizens (source: Commonwealth magazine).
 - Increased NT\$ 725,711,330 through capitalization of profits, and Received NT\$ 60,000 through converting stock options to stock shares, and capital reduction via restricted stocks award to key employees nullification for NT\$ 31,380,000. The paid-in capital amounted to NT\$ 24,475,994,150.
 - The Kunshan site passed the ISO9001:2008 re-certification.
- Sep. 2014
 - The Chongqing site passed the IECQ QC 080000:2012 certification.
- Oct. 2014
 - Wistron was highlighted the TOP 20 Asian companies in 2014 Channel News Asia Sustainability Ranking.
 - The Zhongshan site passed the TL9000-H R5.5/R5.0/ ISO 9001:2008 re-certification.
- Nov. 2014
 - Received NT\$ 206,680,000 through converting stock options to stock shares. The paid-in capital amounted to NT\$ 24,682,674,150.
- Jan. 2015
 - The Texas site passed the TL9000-V R5.5/R5.0/ ISO 9001:2008 certification.

- Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the TL9000-H R5.5/R5.0/ ISO9001:2008 upgrade certification.
 - The Philippines site passed the ISO9001:2008 re-certification.
- Mar. 2015
 - The Kunshan site passed the ISO/TS16949:2009 re-certification.
 - The Taizhou site passed the ISO/TS16949:2009 certification.
- Apr. 2015
 - Established Weshtek Information Technology Services Co., Ltd., Shanghai with the approval of the Investment Commission, Ministry of Economic Affairs.
 - Wistron recognized as one of Forbes Global 2000 companies.
- May 2015
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO14001:2004 re-certification.
 - The Mexico site passed the ISO9001:2008 re-certification.
 - Wistron ranked 8th among Taiwan manufacturing companies (source: Commonwealth magazine).
- Jun. 2015
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site acquired the ISO14064-1:2006 greenhouse gas verification statement.
 - The Zhongshan/ Kunshan/ Chengdu/ Chongqing/ Czech/ Mexico sites acquired the ISO14064-1:2006 greenhouse gas verification statements.
- Jul. 2015
 - The Chengdu site passed the ISO9001:2008 re-certification.
 - The Chengdu site passed the ISO14001:2004 re-certification.
 - The Mexico site passed the TL9000-H R5.5/R5.0 upgrade certification.
 - The Mexico site passed the IECQ QC080000:2012 certification.
- Aug. 2015
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO13485:2003 extension certification.
 - The Kunshan site passed the IECQ QC080000:2012 re-certification.
 - Increased NT\$ 1,071,160,130 through capitalization of profits, and capital reduction via restricted stocks award to key employees nullification for NT\$ 199,010,000. The paid-in capital amounted to NT\$ 25,554,824,280.
 - Wistron ranked 27th among Top Large Enterprises of Taiwan's Best Corporate Citizens (source: Commonwealth magazine).
- Oct. 2015
 - The Kunshan site passed the ISO14001:2004 re-certification.
 - The Chongqing site passed the OHSAS18001:2007 re-certification.
 - The Zhongshan site passed the IECQ QC080000:2012 re-certification.
 - The Zhongshan site passed the ISO14001:2004 re-certification.
 - The Zhongshan site passed the OHSAS18001:2007 re-certification.
 - Wistron ranked 24th in 2015 Channel News Asia Sustainability Ranking.
- Nov. 2015
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the OHSAS18001:2007 re-certification.
 - The Mexico site passed the OHSAS18001:2007 certification.
- Dec. 2015
 - The Kunshan site passed the OHSAS18001:2007 re-certification.
 - The Zhongshan site passed the TL 9000-H R5.5/R5.0 / ISO 9001:2008 upgrade certification.
- Jan. 2016
 - The Zhongshan site passed the ISO13485:2003 certification.
- Feb. 2016
 - The Taizhou site passed the ISO14001:2004 re-certification.
- Apr. 2016
 - Wistron Digital Technology Holding Company was founded with paid-in capital of NT\$600 million.

- Wistron Medical Tech Holding Company was founded with paid-in capital of NT\$600 million.
 - Wistron recognized as one of Forbes Global 2000 companies.
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the IECQ QC080000:2012 / ISO50001:2011 re-certification.
 - The Taizhou site passed the OHSAS18001:2007 certification.
- May 2016
 - Wistron ranked 8th among Taiwan manufacturing companies (source: CommonWealth magazine).
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO13485:2003 re-certification.
 - Wistron Headquarters (Taipei)/ Hsinchu (Taiwan)/ Zhongshan/ Kunshan/ Chengdu/ Chongqing/ Taizhou / Czech/ Mexico sites passed the ISO14064-1:2006 greenhouse gas verification and acquired verification statements.
- Jun. 2016
 - The Czech site passed the IECQ QC080000:2012 certification.
- Jul. 2016
 - Increased NT\$240,201,150 through employees' compensation. The paid-in capital amounted to NT\$25,795,025,430.
 - Wistron Optronics (Kunshan) site passed the OHSAS18001:2007 re-certification.
- Aug. 2016
 - Established Wistron Medical Tech (Chongqing) CO.,LTD. with the approval of the Investment Commission, Ministry of Economic Affairs.
 - Increased NT\$726,336,100 through capitalization of profits. The paid-in capital amounted to NT\$26,521,361,530.
 - Wistron ranked 41th among Top Large Enterprises of Taiwan's Best Corporate Citizens (source: CommonWealth magazine).
- Sep. 2016
 - Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the TL 9000-H R5.5/R5.0 upgrade certification.
- Oct. 2016
 - Wistron ranked 51th in 2016 Channel News Asia Sustainability Ranking.
 - The Zhongshan site passed the TL 9000-H R5.5/R5.0 re-certification.
- Nov. 2016
 - Established SMS Infocomm Global Service (CQ) with the approval of the Investment Commission, Ministry of Economic Affairs.
 - The capital reduction via restricted stocks award to key employees nullification for NT\$ 18,197,140. The paid-in capital amounted to NT\$ 26,503,164,390.
 - Wistron Optronics (Kunshan) site passed the ISO 9001:2008 extension certification.
- Dec. 2016
 - The Zhongshan site passed the ISO 9001:2008 / IECQ QC080000:2012 re-certification.
- Jan. 2017
 - The Taizhou site passed the IECQ QC080000:2012 renew certification.
- Mar. 2017
 - Wistron Optronics (Kunshan) site passed the IECQ QC080000:2012 renew certification.
 - The Czech site passed the ISO 9001:2008 / ISO14001:2004 / OHSAS18001:2007 renew certification.
- May 2017
 - Wistron Headquarters (Taipei) / Hsinchu (Taiwan) / Zhongshan / Kunshan/ Chengdu/ Chongqing / Taizhou / Wistron Optronics (Kunshan) / Czech/ Mexico sites passed the ISO14064-1:2006 greenhouse gas verification and acquired verification statements.
 - Wistron ranked 7th among Taiwan manufacturing companies (source: CommonWealth magazine).
 - Wistron recognized as one of Forbes Global 2000 companies.

- Jun. 2017 ■ Increased NT\$ 234,900,610 through employees' compensation. The paid-in capital amounted to NT\$ 26,738,065,000.
- Aug. 2017 ■ The Kunshan site passed the ISO9001:2015 transition certification.
■ The Chongqing site passed the IECQ QC080000:2012 renew certification.
■ Wistron Headquarters (Taipei) passed ISO27001:2013 initial certification.
■ Wistron ranked 36th among Top Large Enterprises of Taiwan's Best Corporate Citizens (source: CommonWealth magazine).
■ Increased NT\$760,542,260 through capitalization of profits. The paid-in capital amounted to NT\$27,498,607,260.
- Oct. 2017 ■ The Chongqing site passed the ISO9001:2015 / ISO14001:2015 transition certification.
■ Wistron Optronics (Kunshan) site passed the ISO14001:2015 transition certification.
- Nov. 2017 ■ The capital reduction via restricted stocks award to key employees nullification for NT\$ 11,727,240. The paid-in capital amounted to NT\$ 27,486,880,020.
- Dec. 2017 ■ Established Wistron Investment (Jiangsu) Co., Ltd. (tentative name) to invest in WEKS with the approval of the Investment Commission, Ministry of Economic Affairs.
■ The Chengdu site passed the IECQ QC080000:2012 renew certification.
- Feb. 2018 ■ Wistron Headquarters (Taipei) / Hsinchu (Taiwan) site passed the ISO9001:2015 transition certification and IECQ QC080000:2012 renew certification.
- Mar. 2018 ■ Wistron Headquarters (Taipei) / Hsinchu (Taiwan) site passed the ISO14001:2015 transition certification and OHSAS18001:2007 renew certification.

2.5 Organization Structure

2.5.1 Business Organization

Wistron organizes operations into six strategic business groups in order to better allocate resources and further enhance production efficiency and overall business performance. Business operations are segmented into the following six major business groups, with each of them focusing on a clearly delineated product, customer and service portfolio:

Computing Products Business Group (“CPBG”) — CPBG focuses on producing personal computing products, industrial PC and display products.

Consumer and Smart Products Business Group (“CSBG”) — CSBG focuses on producing smart device products (Connected home IoT, Smart Phone, mobile terminals) and connected audio products.

Enterprise Business Group (“EBG”) — EBG focuses on producing server and storage systems, fiber channel storage arrays, Telecom, accessories and management software and other enterprise applications such as business automation, IP telephony application and storage applications.

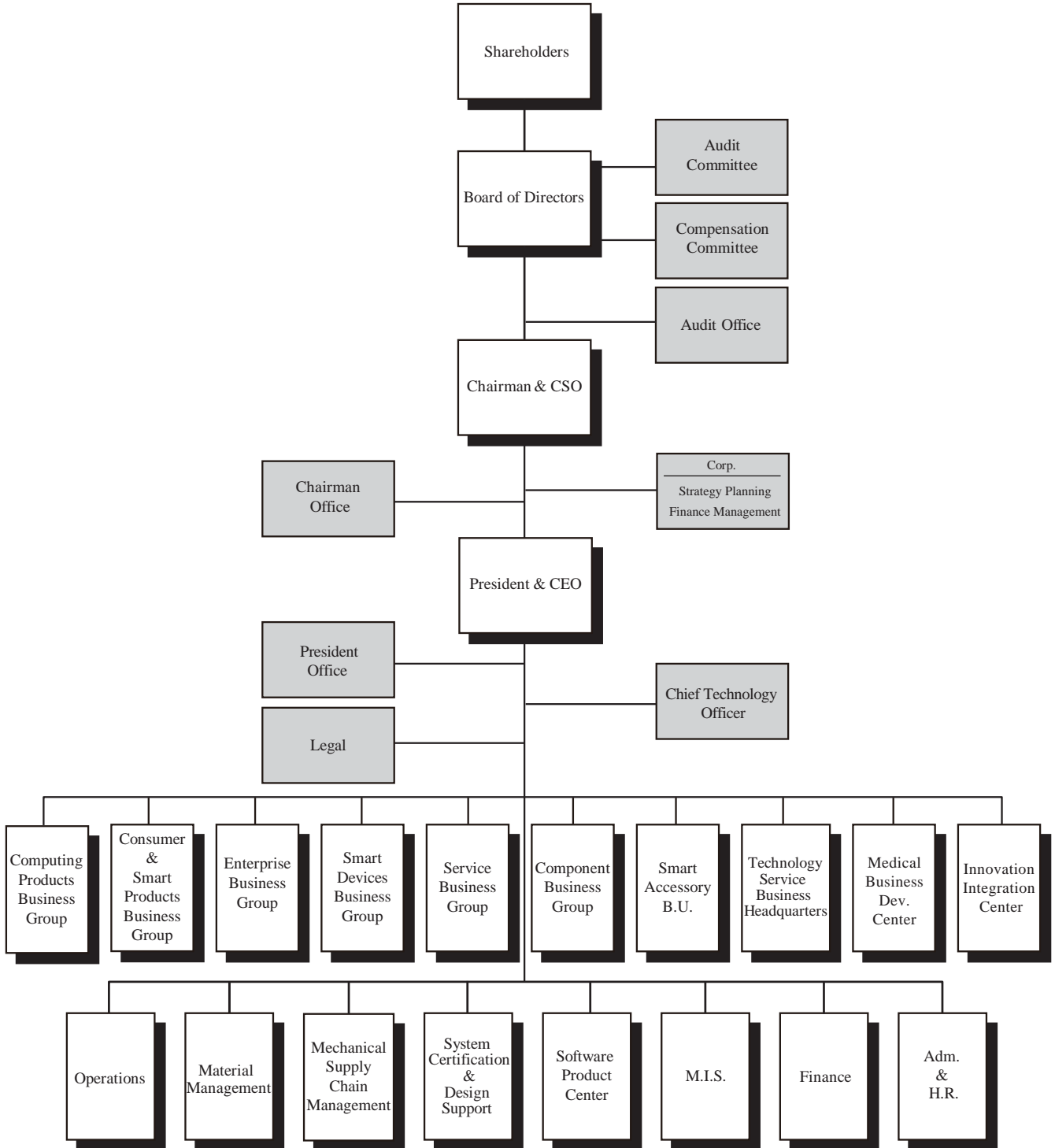
Smart Devices Business Group (“SDBG”) — SDBG focusing on large volume CM manufacture of smart devices.

Services Business Group (“SBG”) — SBG focuses on providing after-sales services including product replacement, repair and support and product support solutions, both for products we manufacture and for products produced by other manufacturers.

Component Business Group (“CBG”) — CBG focuses on producing optical component products. And the collection, dismantling, refining...recycling related business for electronic wastes.

Each strategic business group has been allocated its own focused group of products and customers, as well as dedicated personnel and manufacturing/service facilities, and accounts for its own profits and losses. Each group has end-to-end responsibilities for its own customers, products, and services which include business origination, marketing, account planning, R&D, product design and development, component sourcing, mass production, delivery and logistics support, customer services, billings, collection of receivables, realization of profits, and financial reporting. This result-oriented scheme aims at instilling each business group with a sense of ownership to track its business performance, delineating clearly the responsibilities among the business groups and creating clear strategic focus for each business group in terms of product offerings and customer services.

2.5.2 Organization Chart



2.5.3 Department functions

Department	Main responsibilities
Audit office	<ol style="list-style-type: none"> 1. Assist management to ensure that the internal audit system is effectively designed and well implemented to improve the operation and to enhance the value of the organization. 2. Assist managers to evaluate and improve the procedure of risk management, internal control, and corporate governance through systematic and effective procedures to achieve organization's goals. 3. Assist the Audit Committee to supervise the implementation of internal control system and corporate governance.
Chairman Office	Assists the Chairman & CSO to evaluate and analyze external investment and business performance for the Company and its subsidiaries to achieve corporate goals.
Strategy Planning Office	Responsible for the overall company's strategic planning, construction, promotion and long-term development.
Finance Management	Treasury, financial management, and investment.
President Office	Assist the President & CEO to evaluate and analyze the Company's business performance and propose solutions to achieve corporate goals.
Chief Technology Officer	Responsible for the construction and management of the company's R&D team, resources and the environment, and enhancement of research efficiency and competitiveness.
Legal	Corporate legal affairs, contracts, and business-related legal consultative services.
Computing Products Business Group	Product management, development and manufacturing for personal computer, industrial PC and display products.
Consumer and Smart Products Business Group	Product management, development and manufacturing for smart products (Connected home IoT, Smart Phone, mobile terminals) and connected audio products.
Enterprise Business Group	Product management, development, and manufacturing for server and storage products.
Smart Devices Business Group	Product management, development and manufacturing for smart device products.
Service Business Group	Customer service and technical support.
Component Business Group	Product Management, development and manufacturing for optical component products. The collection, dismantling, refining... recycling related business for electronic wastes.
Smart Accessory Business Unit	Deal with the development, product management, manufacturing and marketing of the smart accessories.

Department	Main responsibilities
Technology Service Business Headquarters	Responsible for the integration of technology and product development to provide value-added platform for customers.
Medical Business Development Center	Responsible for the research, development, and production of professional medical devices and solutions.
Innovation Integration Center	By integrating technology and product development capability to provide prototyping, production & marketing service to startups customers.
Operations	Global production, manufacturing capacity allocation, and efficiency enhancement among factories.
Material Management	Global material planning, purchasing, logistic support, and supplier quality management.
Mechanical Supply Chain Management	Global mechanical supplier purchasing, quality control and tooling management.
System Certification & Design Support	System certification, design supporting, quality assurance and improvement actions.
Software Product Center	Development of system application software.
M.I.S.	Information system development and design.
Finance	Finance, accounting service, tax service, and providing reports to profit units.
Administration and H.R.	Human resource, employee communication, employee training and general affairs.

2.6 Products

Current Main Products and Services:

- (1) Notebook computers
- (2) Smart phones and handheld devices
- (3) Desktop computers and All-in-One (AIO) computers
- (4) TVs, Monitors
- (5) Voice over Internet Protocol (VoIP) phones
- (6) Servers and network storage facilities
- (7) Industrial application devices (IPC and Rugged devices)
- (8) After-sales services
- (9) Green recycling services
- (10) Display applications on backlight, LCM, Touch screen and Lamination services
- (11) Educational technology services

2.7 Services

2.7.1 Design

Wistron provides comprehensive, in-depth, integrated design services, utilizing extensive product development experience, equipment, and quality processes. Wistron addresses all related engineering challenges, such as material/styling considerations, component selection, functionality, testing challenges, volume manufacturing stress, packaging, and environmental impact. Wistron's teams provide a range of services, including comprehensive thermal, power, structural and reliability engineering services, specifically tailored for ICT products. Extensively equipped simulation and compatibility test teams and labs utilize a vast array of equipment and technology to allow for market specific and global accreditation approvals.

2.7.2 Manufacturing

Wistron's manufacturing experience ensures the quality of the overall production processes and systems. From in-coming components to OOB (out-of-box) QA, a full suite of tests and analysis are conducted with industry-leading testing including Wistron propriety equipment and processes. Manufacturing facilities offer a complete set of services from PCB to systems assembly, including BTO/CTO. Manufacturing IT systems support the manufacturing process and quality management reporting, while suppliers' portals feature all procurement-related activities to ensure supplier performance management. To facilitate data collaboration, Wistron supports any-to-any B2B exchange with customers.

2.7.3 After-sales service

Wistron offers a variety of flexible, customized service business models. Programs such as hub-to-hub FRU (field replaceable unit) swap, hub-to-ASP, and CRU (customer replaceable unit) complement depot options and other related programs. After-sales service teams support products produced by Wistron or other companies. Wistron possesses extensive experience working with customers' own service/repair teams, as well as their outsourced service partners. Highly integrated IT platforms are linked to all levels of the service chain to manage the complex reverse logistics, material management, and reporting systems. Service documentation and repair training support customers' own internal and channel service training programs.

Design	Manufacturing	After-sales service
<ul style="list-style-type: none"> • Industrial design • Prototype building • PCB circuit design and layout • Certification qualification testing and processing (agency approvals) • Circuit test development • Compatibility testing • Environmental stress testing / EMC testing • Reliability testing • Component qualification • Electrical and Mechanical design • Functional test development • Packaging design • Embedded software design • Component certification/ approval meeting environmental regulations (e.g. RoHS) 	<ul style="list-style-type: none"> • Supplier quality/ performance management • Component and subsystem assembly • Lead-free PCB assembly • Automatic optical inspector • Automatic in-circuit testing • Functional testing • System manufacturing • CTO (configure-to-order) • BTO (build-to-order) • Real time production data collection • Material /process laboratory analysis • Failure analysis and closed loop corrective action 	<ul style="list-style-type: none"> • Product life cycle planning • Hub management • Asset recovery • Life-time buy component management • Service traffic planning • Refurbishment • Returns processing • Customized report development • Electronic Data Exchange • Upgrades • Warranty repair • All levels of repair support and management

2.8 Long-Term and Short-Term Business Development Plans

2.8.1 Short-Term Development Plan

Wistron aims to strengthen customer satisfaction, provide the best quality, strengthen current customer relations, and optimize existing customers and product portfolios. The short-term business development indicators will include improving operational efficiency, increasing capacity utilization, and boosting profitability.

2.8.2 Long-Term Development Plan

In the long run, the Company will continue to increase the profitable products and services (including hand held mobile products, servers, network storage, internet telephony, industrial computers, rugged mobile computers, and after-sales service, etc.) and accelerate achieving breakeven and turn to profitability in our newly invested businesses.

The strategic plans are as follows:

(1) Marketing Strategy

- A. Continue to improve core competency in professional designs and technological services.
- B. Maintain high-quality and high-performance products.
- C. Continue to expand the service network across the globe for providing a comprehensive range of after-sales services.

(2) Manufacturing Policy

- A. Optimize the global manufacturing system by integrating lean production and an automated manufacturing system to enhance efficiency and lower costs.
- B. Continue to promote Six Sigma projects in combination with performance goals to comprehensively enhance quality and efficiency.

(3) Product Development Goals

- A. Cultivate excellent R&D experts and improve their R&D capabilities.
- B. Use existing computer research and manufacturing capabilities to strengthen the research and development of servers, network storage devices, advanced network management systems, and industrial computers. We also will integrate the concept of Internet of Things service into Smart Home trends that provide connectivity, entertainment, home security, voice control, and healthcare functions, thereby introducing new value-added products and technological services featuring innovative functions.
- C. Commit to energy conservation by adopting eco-friendly materials and technologies that comply with green product and related environmental laws.

(4) Scale of Operation and Financial Support

- A. Actively integrate and develop production capacity overseas to fulfill business requirements.
- B. Strengthen balance sheet management, control the number of cash turnover days to within a reasonable range, and sustain a healthy financial structure.

2.9 Market, Production and Sales

2.9.1 Market Analysis

1. Market Share

Taiwan is a major supplier of information technology products as exemplified by these iconic products. According to the MIC (February 2018) and market statistics, Taiwan produced 132,398 K notebook computers, 48,789 K desktop computers and 8,680 K servers in 2017, of which about 15%, 27%, and 23% were produced by our company respectively. These numbers demonstrate our company's considerable competitiveness in the market.

2. Future Market Supply and Demand and Future Growth

(1) Future Market Possible Supply and Demand Scenarios

A. Supply Perspective:

The personal computer (PC) market has reached maturity and Taiwan's manufacturers must rely on exceptional cost control, assembly technology and production flexibility while devising strategies, engaging in research and development, and building on marketing and management experience to acquire OEM orders. With complete upstream and downstream integration, Taiwanese manufacturers can supply competitive products and retain an edge in research and development, offering ODM services that differentiate them from foreign OEM manufacturers.

B. Demand Perspective:

With the spread of smart devices and mobile networks, the global information technology market has shifted the demand for PCs to smart devices, causing a decline in market demand for PCs.

Global PC Sales Growth Trend

Unit: 1 = 1000 units

Year	2016	2017	2018(e)	2019(f)	2020(f)
Number of NBs	149,144	155,601	160,608	157,075	148,907
Growth Rate	-5.4%	4.3%	3.2%	-2.2%	-5.2%
Number of DTs	116,956	108,499	102,692	96,625	92,293
Growth Rate	-5.1%	-7.2%	-5.4%	-5.9%	-4.5%
Number of PCs (NB + DT)	266,100	264,100	263,300	253,700	241,200
Growth Rate	-5.3%	-0.8%	-0.3%	-3.6%	-4.9%

Source: DIGITIMES (March 2018) Compound growth rate is around -2.43% from 2016 to 2020.

(2) Future Growth

We continue to expand the ratio of higher profit products (such as servers) and expedite growth and profit in technology service businesses.

Global Server Sales Growth Trend

Unit: 1 = 1000 units

Year	2016	2017	2018(e)	2019(f)	2020(f)
Number of Servers	11,104	11,458	11,859	12,382	12,765
Growth Rate	0.1%	3.2%	3.5%	4.4%	3.1%

Source: Gartner (December 2017) Compound growth rate is around 3.55% from 2016 to 2020.

3. Competitive Niches

(1) Fully Staffed and Experienced R&D Team

Each business unit in our company has their own R&D department responsible for the research and development of their products. As of January 2018, our company has a R&D team of over 4,100 people, over 99% of which have a college degree or higher and main team leaders have on average over 25 years of experience in developing products in their field. These conditions are a testament to our R&D's strength in terms of the quality of people and their experience.

(2) Fully Integrated Manufacturing Base

We intend to continue our OEM business while actively venturing into new realms. The company's manufacturing bases are located in Taiwan, China, Mexico and the Czech Republic.

One of our company's key advantages now is receiving purchase orders in Taiwan and through lean manufacturing by decreasing production waste, improving production efficiency, and reducing manufacturing cost to maximize profits.

(3) Solid Clients and a Diversified Portfolio of Products

Our company's business is based mainly on providing professional OEM services supporting clients with world renowned brands, each comprising an equal share of our sales. Our products are also diversified and the company is not affected by shifts in the industry of a single product. The company is also not affected by instability of supply and demand due to clients' shift in product strategy.

(4) Focus on Product Quality

Building on years of experience in design and manufacturing, very comprehensive testing and quality control of our products have earned our clients' trust.

(5) Solid Relationships with Suppliers

As to sources of key technology or key component suppliers, the company maintains long-term partnerships and total cost considerations with our supply chain to provide comprehensive services and solutions with regards to cost, quality, and delivery.

(6) Global Logistics Management Capability

The company has established manufacturing bases and service centers in Europe, the Americas and Asia. Over time, we have established effective global logistics management capabilities in order to fulfill a wide range of demands from clients in different parts of the world. This crucial capability matches future trends in the industry and has become one of the key advantages of our company.

(7) Professional Management Team

Our management teams are all senior professionals with over 20 years of related experience in the industry. The team enjoys a history of collaboration and shares common ideas and a common goal, paving the way for effective leadership to facilitate growth.

4. Advantages and Unfavorable Factors to Long-Term Development and Response Measures

(1) Advantages

A. Taiwan enjoys an extensive information technology industry with strong overall marketing capabilities.

The domestic IT industry has undergone several phases of transition and matured in the process. The Taiwanese IT industry occupies a solid place in the global marketplace. The industry is proportionally dispersed and well-integrated among individual industries allowing mutual support.

This has led to an increase in the international marketing capability of Taiwan's IT industry, enabling this industry to become a global procurement center for personal computer related products.

B. Taiwan's component industry has matured and enjoys a stable supply of key components.

In recent years, Taiwanese manufacturers have gained dominance in key components such as chip sets, printed circuit boards, and touch modules for motherboards, notebook computers, tablet computers, smart phones and LCD displays. The industry's comprehensive development has helped advance the domestic IT industry and boost Taiwan's IT capabilities.

C. Potent R&D and Technical Innovation Capabilities.

Our company has one of the finest R&D teams in the industry and continues to strive for product development and technical innovation. We cooperate with CPU manufacturers to jointly develop new products, which allow us to market new technologies ahead of competitors. We also maintain R&D departments in all IT product business units,

enabling the company to stay ahead of competition in a highly competitive market with short product cycles.

D. Solid After-Sales Service Networks

The company has established service centers on three continents in Taiwan, China, the Czech Republic, Japan, Hong Kong, Singapore, India, the Philippines, Turkey, Mexico, Columbia, Brazil and Chile, offering real-time and efficient after-sales service.

(2) Unfavorable Factors

A. Intense Competition Lowers Profit

The development of the IT industry has lowered entry barriers and the influx of producers has led to intense competition. Meanwhile, the maturity of computer products, advancement of manufacture technology, over-capacity, and less product feature differentiation have led to profit margins decline.

B. Exchange Rates' Effect on Profits

The company's products are mostly for export and profits are susceptible to changes in exchange rates.

C. Mounting Labor and Land Costs Raise Production Costs

Automated assembly can accommodate the production of most of the company's products but certain components still rely on manual labor. Mounting labor cost has raised operation expenditures in China and the industry's production costs which are detrimental to competition in the global market.

(3) The Company's Response

A. Confront the competition by active product innovation and developing high value-added products.

B. Maximize production efficiency by strengthening cost and inventory control and increasing automation.

C. Hedge against exchange rate risks by balancing assets and debt in foreign currency to lower net foreign currency position.

D. Finance personnel must be wary of fluctuations in exchange rates and the company's demand for funds by taking appropriate hedging measures.

E. Raise the quality of the products and lower dependence on manual labor by actively investing in automated production equipment.

F. Increase capacity utilization by streamlining design and production instead of merely increasing capacity.

2.9.2 Core Applications of Major Products and Manufacturing Processes:

1. Core Applications of Major Products

Data storage, logic computation, analyses, network communication, data management, computer-assisted design, manufacturing, publication, education, entertainment, electronic purchases, word processing, financial services and finance management.

2. Manufacturing Processes

(1) Printed Circuit Board Assembly (PCBA)

Incoming material inspection → materials preparation → solder paste printing → high speed placement for small surface mount device → Flexible placement for fine pitch/large surface mount device → nitrogen reflow heating and soldering → automatic optical inspection → in-circuit tester inspection → on-line inspection → component insertion → wave soldering in heated tin stove → mending operations → PCB ICT and ATE tests → functional inspection → visual inspection → packaging → inventory → shipping

(2) Final Assembly (FA):

Incoming material inspection → materials preparation → assembly → system function pre-test → run-in test → operation system download → system final function test → visual inspection → packaging → inventory → shipping

2.9.3 Status of Supply of Chief Materials:

Main Materials	Domestic and Foreign Sources	State of Supply (2018)
CPU	United States	CPU supply is relatively stable with a little bit lead time extension, but need to pay more attention on silicon wafer supply due to globally tight. Long-term demand projection is highly necessary.
Hard Drives	United States, Japan	(1)NB&PC: well supplied year-round. (Overall low demand for PC, and growing replacement with Solid State Disk(SSD) for NB) (2)Enterprise: supply tight for high capacity as 4TB~10TB due to strong demand from data center customers, and supply will be more constraint due to old/new HDD models change plan from 2018 Q3.
DRAM	United States, Japan, Korea	DRAM demand growth rate is higher than supply growth rate, and major demand is from server and data center. DRAM size increased of Mobile devices continuously. Tight supply in 2018.
Power Supply	Taiwan, China	Due to 2nd tier suppliers (for MLCC/ CAP/ MOSFET) extend lead time, that impacts lead time of Power Supply as well (from 8 to 12 weeks) and tight supply.
PCB	Taiwan, China, Austria	For copper foil makers raised up cost (over 65% up since Nov. 2016 till now) and limited supply qty; cost increases on petrochemical raw-material(glass fiber/epoxy), and plus strictly environment controlling in China(air/waste water), PCB suppliers are facing cost up pressure as well as lead time extend. This condition would last till 2018. 1st tier PCB suppliers will put more focus on Automotive/HDI, high layer count and high frequency PCB to sustain their margin.
LCD	Taiwan, China, Japan, Korea	Oversupply in 2018 due to demands keep flat or even slow moving.

2.10 Board of Directors, Supervisors and Key Managers background information (including share holding)

2.10.1 Information of Board of Directors (April 16, 2018)

Title	Nationality or registered	Name	Gender	Date of Election	Term	Shares Held When Elected		Current Shareholding	
						Number	Percentage	Number	Percentage
Chairman & CSO	Republic of China	Simon Lin	Male	06/26/2015	3	28,064,521	1.14	41,210,239	1.50
Director	Republic of China	Stan Shih	Male	06/26/2015	3	2,565,422	0.10	2,804,036	0.10
Director	Republic of China	Haydn Hsieh	Male	06/26/2015	3	998,043	0.04	1,090,872	0.04

	Shares Held by Spouse & Minors		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor		
	Number	Percentage			Title	Name	Relationship
	1,500	0	Bachelor	Chairman & CSO of Wistron Corp. Chairman of Wistron ITS 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	-	-	-
	377,191	0.01	Master	Director of Wistron Corp. Director of Acer Inc. Independent Director of Taiwan Semiconductor Manufacturing Co., Ltd. Director of Nanshan Life Insurance Co., Ltd. Director of Egis Technology Inc. Director of Digitimes Inc. Chairman of StanShih Foundation Director of PTS/ Public Television Service Foundation Director of Chinese Television System Inc.	-	-	-
	12,893	0	Bachelor	Director of Wistron Corp. Chairman & CSO of Wistron NeWeb Corp. Director of aEnrich Technology Corp. Independent Director of Raydium Semiconductor Corp. Director of Apacer Technology Inc. Director of WNC Holding Corporation Director of ANC Holding Corporation Director of NeWeb Holding Corporation Director of W-Neweb Corporation Director of WNC GmbH Director of Webcom Communication (Kunshan) Corporation Director of WNC (kunshan) Corporation Director of Wistron NeWeb (Kunshan) Corporation Director of NeWeb Service(KunShan) Corporation Director of NeWeb Communication (Kunshan) Corporation	-	-	-

Title	Nationality or registered	Name	Gender	Date of Election	Term	Shares Held When Elected		Current Shareholding	
						Number	Percentage	Number	Percentage
Director & President & CEO	Republic of China	Robert Hwang	Male	06/26/2015	3	2,740,810	0.11	7,632,802	0.28
Independent Director	Republic of China	John Hsuan	Male	06/26/2015	3	0	0	0	0
Independent Director	Republic of China	Michael Tsai	Male	06/26/2015	3	0	0	0	0
Independent Director	Republic of China	James K.F. Wu	Male	06/26/2015	3	0	0	0	0

	Shares Held by Spouse & Minors		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor		
	Number	Percentage			Title	Name	Relationship
	173,898	0.01	Master	Director & President & CEO of Wistron Corp. Director of Goba Lighting Technologies Inc. Chairman of Anwith Technology Corp. Chairman of WiAdvance Technology Corp. Chairman of WiEdu Corp. Chairman of Wistron Medical Tech Corp. Director of Wistron Medical Tech Holding Company Overseas companies current positions summary(Note)	-	-	-
	1,229,111	0.04	Bachelor	Independent Director of Wistron Corp. Emeritus vice-chairman of United Microelectronics Corp. Independent Director of Compal Electronics Inc. Chairman of Meribank Biotech Co., Ltd Director of General Biologicals Corp. Director of Clientron Corp. Chairman of Taiwan Memory Company Chairman of Maxima Ventures I, Inc. Chairman of Maxima Venture II, Inc. Chairman of Meridigen Biotech Co., Ltd. Chairman of TC-1 Culture Fund Chairman of Vital First Investment Corporation Chairman of Fusionvax, Inc. Director of Elevant Biopharma Co., Ltd. Director of SIPP Corp. Director of Angeluca Science Ltd. Director of Ikala Global Online Corp. Director of Pacgen Biopharmaceuticals Corp.	-	-	-
	0	0	Bachelor	Independent Director of Wistron Corp. Chairman of Maxchip Electronics Corp. Chairman of Zentel Electronics Corp. Chairman of AP Memory Technology Corp. Director of Powerchip Technology Corp. Director of Foci Fiber Optic Communications, Inc. Independent Director of United Integrated Services Co., Ltd. Director of Taiwan Mask Corp.	-	-	-
	5,951	0	Bachelor	Independent Director of Wistron Corp. Director of KPMG Education Foundation	-	-	-

Title	Nationality or registered	Name	Gender	Date of Election	Term	Shares Held When Elected		Current Shareholding	
						Number	Percentage	Number	Percentage
Independent Director	Republic of China	Duh-Kung Tsai	Male	06/26/2015	3	0	0	0	0
Independent Director	Republic of China	Victor C.J. Cheng	Male	06/26/2015	3	78,911	0	86,250	0

Note : Chairman of Wistron InfoComm (Zhongshan) Corp. ∙ Chairman of Wistron InfoComm (Kunshan) Co., Ltd. ∙ Chairman of Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. Chairman of Wistron Service (Kunshan) Corp. ∙ Chairman of Wistron InfoComm (Taizhou) Co., Ltd. ∙ Chairman of SMS (Kunshan) Co., Ltd. ∙ Chairman of Wistron InfoComm ∙ Shanghai) Corp. ∙ Chairman of Wistron Optronics (Kunshan) Co., Ltd. ∙ Chairman of Wistron InfoComm (Chongqing) Co., Ltd. ∙ Chairman of Wistron InfoComm Technology Service (Kunshan) Corp. ∙ Chairman of Weshtek Information Technology Services Co., Ltd., Shanghai ∙ Chairman of Wistron Medical Tech (Chongqing) CO., Ltd. ∙ Chairman of SMS Infocomm Global Service (CQ) ∙ Director of WIS Precision (Kunshan) Co., Ltd. ∙ Director of Wistron Advanced Materials (Kunshan) Co., Ltd. ∙ Director of Wistron Investment (Sichuan) Co., Ltd. ∙ Director of Wistron InfoComm (Chengdu) Co., Ltd. ∙ Director of Anwith (KunShan) Co., Ltd. ∙ Director of Wiwynn Technology Service (Beijing) Ltd. ∙ Director of Wistron Optroncis (Shanghai) Co., Ltd. ∙ Director of WinDisplay Corp. ∙ Chairman of Win Smart Co., Ltd. ∙ Chairman of Wistron InfoComm Technology (America) Corp. ∙ Chairman of WisVision Corp. ∙ Chairman of Wistron Mexico S.A. de C.V. ∙ Chairman of Wistron InfoComm (Philippines) Corp. ∙ Chairman of SMS Infocomm (Singapore) Pte. Ltd. ∙ Chairman of WiEdu Hong Kong Ltd. ∙ Chairman of Anwith Corp. ∙ Chairman of SMS InfoComm Corp. ∙ Director of AII Holding Corp. ∙ Director of ICT Service Management Solutions (India) Private Ltd. ∙ Director of Wistron K.K. ∙ Director of Wistron Advanced Materials (Hong Kong) Ltd. ∙ Director of Wistron Europe Holding Cooperatie U.A ∙ Director of Cowin Worldwide Corp. ∙ Director of Wistron Hong Kong Holding Ltd. ∙ Director of Wistron Technology (Malaysia) Sdn. Bhd. ∙ Director of Service Management Solutions Mexico SA DE CV ∙ Director of Wistron Hong Kong Ltd. ∙ Director of WiseCap (Hong Kong) Ltd. ∙ Director of Wistron Technology (Malaysia) Sdn. Bhd. ∙ Director of Wistron Green Tech (Texas) Corp. ∙ Director of Wistron InfoComm Technology (Texas) Corp. ∙ Director of Anwith Service Co., Ltd. ∙ Director of WiEdu Holding Co., Ltd. Director of WiEdu Sdn. Bhd. ∙ Director of SMS Infocomm Chile Servicios Limitada ∙ Director of Wistron InfoComm Manufacturing (India) Private Limited ∙ Director of Skywarp Holding Ltd. ∙

	Shares Held by Spouse & Minors		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor		
	Number	Percentage			Title	Name	Relationship
	0	0	Bachelor	Independent Director of Wistron Corp. Chairman & CEO of Powertech Technology Inc. Chairman of Greatek Electronics Inc. Independent Director of Compal Electronics Inc. Independent Director of Chicony Power Technology Co., Ltd. Director of PTI Technology (Suzhou) Ltd. Director of Powertech Holding (B.V.I.) Inc. Director of PTI Technology (Singapore) Pte. Ltd. Director of Powertech Technology (Singapore) Pte. Ltd. Executive Officer of Powertech Technology Japan Ltd. Director of Tera Probe Inc. Director of Powertech Technology Akita Inc.	-	-	-
	0	0	Doctorate	Independent Director of Wistron Corp. Independent Supervisor of Apacer Technology Inc. Director of Kinsus Interconnect Technology Corp. Independent Director of ThroughTek Co., Ltd Supervisor of Apex Material Technology Corp. Supervisor of OTO Photonics Inc.	-	-	-

2.10.2 Information of Key Managers (April 16, 2018)

Title	Nationality	Name	Gender	Date of Assuming Office	Shares Held Directly		Shares Held by Spouse & Minor		
					Number	Percentage	Number	Percentage	
Chairman & CSO	Republic of China	Simon Lin	Male	01/01/2002	41,210,239	1.50	1,500	0	
Director & President & CEO	Republic of China	Robert Hwang	Male	01/01/2002	7,632,802	0.28	173,898	0.01	
Chief Staff Officer	Republic of China	Frank F.C Lin	Male	01/01/2002	3,798,877	0.14	7,966	0	
Chief Finance Officer	Republic of China	Henry Lin (Note2)	Male	09/16/2002	-	-	-	-	
Chief Finance Officer	Republic of China	Stone Shih	Male	12/22/2017	2,389,699	0.09	2,574	0	

	Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor		
			Title	Name	Relationship
	Bachelor	Reference to the information of Board of Directors.	-	-	-
	Master	Reference to the information of Board of Directors.	-	-	-
	Bachelor	Director of Wistron NeWeb Corp. Director of Wistron ITS Corp. Director of AOPEN Inc. Chairman of WiseCap Ltd. Chairman of WLB Ltd. Director of Anextek Global Inc. Director of Changing Information Technology Inc. Director of Formosoft International Inc. Director of Maya International Co., Ltd. Director of Join-Link International Technology Co., Ltd. Director of Wistron Medical Tech Holding Company Director of Wistron Medical Tech Corporation Director of Wistron Digital Technology Holding Company Director of Wiwynn Corporation Director of Pell Bio-Med Technology Co., Ltd. Director of IP Fund Six Supervisor of aEnrich Technology Corp. Director of Hartec Asia Pte. Ltd. Director of Hukui Biotechnology Corporation Chairman of WiseCap (Hong Kong) Limited	-	-	-
	Master	Independent Director of RDC Semiconductor Co., Ltd. Independent Director of Tsrc Corporation	-	-	-
	Master	Director of WiseCap Ltd. Director of WLB Ltd. Supervisor of Anextek Global Inc. Supervisor of International Standards Labs. Supervisor of WiEdu Corp. Supervisor of Wistron Medical Tech Holding Company Supervisor of Wistron Medical Tech Corporation Supervisor of Wistron Digital Technology Holding Company Supervisor of Anwith Technology Corp. Supervisor of Free Bionics Taiwan Inc. Supervisor of IBASE Technology Inc. Supervisor of Maya International Co., Ltd. Overseas companies current positions summary (Note1)	-	-	-

Title	Nationality	Name	Gender	Date of Assuming Office	Shares Held Directly		Shares Held by Spouse & Minor		
					Number	Percentage	Number	Percentage	
Chief Technology Officer	Republic of China	Donald Hwang	Male	01/01/2002	3,834,103	0.14	0	0	
President of CPBG	Republic of China	Jeff Lin	Male	04/10/2015	1,541,336	0.06	0	0	
Vice President	Republic of China	R.R. Chang	Male	04/25/2011	208,000	0.01	0	0	
President of CSBG	Republic of China	David Shen	Male	06/08/2007	1,796,108	0.07	14,425	0	

	Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor		
			Title	Name	Relationship
	Master	Chairman of International Standards Labs. Director of Wistron NeWeb Corp. Director of WiseCap Ltd. Director of WLB Ltd. Director of Wistron Medical Tech Corporation Director of Wistron Digital Technology Holding Company Director of Maya International Co., Ltd. Director of Join-Link International Technology Co., Ltd. Director of Free Bionics Taiwan Inc. Director of Apollo Medical Optics, Ltd. Director of Airdog, Inc Director of AII Holding Corp. Director of Win Smart CO., LTD. Director of Wistron Mobile Solutions Corp. Director of Tube Inc. Director of Free Bionics, Inc Director of Apollo Medical Optics Inc. Director of B-TEMIA INC. Director of Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. Director of Wistron Investment (Sichuan) Co., Ltd.	-	-	-
	Master	Director of ARBOR Technology Corp. Chairman of Wistron InfoComm Technology (Zhongshan) Co., Ltd. Director of ATS INTERNATIONAL INC. Director of Wistron Mexico S.A. de C.V. Director of Wistron InfoComm (Kunshan) Co., Ltd. Director of Wistron InfoComm (CHONGQING) Co., Ltd. Director of Wistron InfoComm (Chengdu) Co., Ltd. Director of Wistron InfoComm Technology Service (Kunshan) Corp. Director of Zhongshan Global Lighting Technology Limited Co.,	-	-	-
	Master	Director of WinDisplay Corp. Director of Wistron InfoComm Manufacturing (India) Private Limited	-	-	-
	Master	Director of Anextek Global Inc. Director of WiEdu Corp. Chairman of IBASE Technology Inc. Director of Audio Design Experts, Inc. Director of Cowin Worldwide Corp. Director of Formosa Prosonic Industries Berhad Director of Heracles Enterprises Limited Director of Optiemus Electronics Limited Director of Shining Green Limited Director of Smartiply, Inc Director of WiEdu Sales and Marketing Sdn. Bhd. Director of Wistron Technology (Malaysia) Sdn. Bhd. Director of WisVision Corp. Director of WiEdu Hong Kong Limited Director of Weshtek Information Technology Services Co., Ltd., Shanghai Chairman of Zhongshan Global Lighting Technology Limited Co., Director of Wistron InfoComm (Shanghai) Corp. Director of AII Technology (Zhongshan) Co., Ltd. Director of Wistron InfoComm (Zhongshan) Corp. Director of Wistron InfoComm (Qingdao) Co., Ltd. Director of Wistron InfoComm Technology (Zhongshan) Co., Ltd.	-	-	-

Title	Nationality	Name	Gender	Date of Assuming Office	Shares Held Directly		Shares Held by Spouse & Minor	
					Number	Percentage	Number	Percentage
General Plant Manager	Republic of China	Kenny Wang	Male	06/08/2007	3,353,020	0.12	-	-
General Auditor	Republic of China	M.Y. Lin	Male	01/01/2002	1,407,638	0.05	97,375	0
President of SBG	Republic of China	William Lin	Male	04/10/2015	1,432,247	0.05	772	0
Technical Vice President	Republic of China	Kelvin Chang	Male	04/10/2015	2,667,192	0.10	61,798	0
Strategy Planning Office Vice President	Republic of China	KY Wang	Male	12/22/2017	0	0	0	0

Note1: Director of All Holding Corp.; Director of Wistron LLC; Director of Wistron InfoComm Technology (America) Corp.; Director of WiEdu Sdn. Bhd.; Director of WiEdu Sales and Marketing Sdn. Bhd.; Director of WiseCap (Hong Kong) Limited; Director of Wistron InfoComm Technology (Texas) Corp.; Director of Wistron Technology Service (America) Corporation; Director of Lilee Systems, Ltd.; Director of KunShan ChangNun Precision Die Casting Co., Ltd.; Supervisor of Wistron Advanced Materials (Kunshan) Co., Ltd.; Supervisor of Wistron K.K.; Supervisor of Wistron Optronics (Kunshan) Co., Ltd.; Supervisor of SMS (Kunshan) Co., Ltd.; Supervisor of Wistron InfoComm (Shanghai) Corp.; Supervisor of Wistron InfoComm (Zhongshan) Corp.; Supervisor of Wistron InfoComm (Kunshan) Co., Ltd.; Supervisor of Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.; Supervisor of Wistron Service (Kunshan) Corp.; Supervisor of Wistron Optronics (Shanghai) Co., Ltd.; Supervisor of Wistron InfoComm Technology (Zhongshan) Co., Ltd.; Supervisor of Wistron InfoComm (Taizhou) Co., Ltd.; Supervisor of WIS Precision (Taizhou) Co., Ltd.; Supervisor of Wistron InfoComm (CHONGQING) Co., Ltd.; Supervisor of Wistron Investment (Sichuan) Co., Ltd.; Supervisor of Wistron InfoComm (Chengdu) Co., Ltd.; Supervisor of SMS Infocomm Global Service (CQ); Supervisor of Wistron InfoComm Technology Service (Kunshan) Corp.; Supervisor of Weshtek Information Technology Services Co., Ltd., Shanghai; Supervisor of Anwith (KunShan) Co., Ltd.

Note2: Retired on December 22, 2017

	Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor		
			Title	Name	Relationship
	Bachelor	Director of Win Smart CO., LTD. Director of Wistron InfoComm (Kunshan) Co., Ltd. Director of Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. Director of Wistron InfoComm (CHONGQING) Co., Ltd. Director of Wistron Investment (Sichuan) Co., Ltd. Director of Wistron InfoComm (Chengdu) Co., Ltd. Director of Wistron InfoComm Technology Service (Kunshan) Corp.	-	-	-
	Doctorate	Standing Supervisor of The Allied Association for Science Park Industry Supervisor of Corporate Synergy Development Center	-	-	-
	Master	Director of Anwith Technology Corp. Director of Anwith Corp. Director of Anwith Service Co., Ltd. Director of ICT Service Management Solutions (India) Private Limited Director of SMS Infocomm Chile Servicios Limitada Director of; SMS InfoComm Corp. Director of Service Management Solutions Mexico SA DE CV Director of SMS InfoComm (Malaysia) sdn. bhd. Director of Wistron InfoComm (Philippines) Corp. Director of Wistron K.K. Director of SMS (Kunshan) Co., Ltd. Director of Wistron Service (Kunshan) Corp. Director of SMS Infocomm Global Service (CQ) Director of SMS Infocomm (Singapore) Pte. Ltd. Director of Anwith (KunShan) Co., Ltd.	-	-	-
	Master	-	-	-	-
	Doctor	-	-	-	-

2.11 Policy, criteria, packages, and rules of procedure relating to the compensation for directors, president and vice presidents, as well as relevance between the foregoing and evaluation of each party's performance respectively:

- (1) If the Company has profit as a result of the yearly accounting closing (profit means the profit before tax, excluding the amounts of employees' and directors' compensation), such profit will be distributed in accordance with the following, once the Company's accumulated losses shall have been covered.
 - A. No less than five percent (5%) of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive compensation shall be determined by the Board of Directors.
 - B. No more than one percent (1%) of profit as the compensation in cash to the Directors.
- (2) The total compensation for the President and vice president(s) comprises (i) primarily variable items, including performance bonus, dividend (distribution in cash or stock), and stock option; and (ii) secondary fixed items, including base salary, annual bonus, and benefits. The fixed items remain competitive with the average level of the industry, while variable items are distributed taking into account both company operating result and personal performance as a whole. The better result of the Company operating and personal performance, the higher ratio between variable items and fixed items. Evaluation and review of personal performance of the President and vice president(s) are based upon achievement of operating goal, profit ratio, growth rate, operating earnings and efficiency, as well as potential for future development. Criteria for evaluation and review are set forth in the beginning of the year, taking into account internal and external factors of business environment of that particular year. All weighting factors are subject to the Chairman and CEO's final approval then implemented accordingly. Thereafter, the Chairman and CEO will determine compensation to be paid to the President and vice president(s) based upon his evaluation and review of their personal performance respectively.

2.12 Labor Relations

2.12.1 Detailed descriptions of employee benefits, training and development, retirement plan and each of the implementations, as well as the labor management agreement and employee rights preservation policies are listed in the following:

(1) Employee benefits:

Wistron always cares for and values employees by implementing a series of programs in accordance with the law to help employees develop a higher quality of working life, which, in turn, enhances productivity. These programs include allocating welfare funds, establishing an employee welfare committee, and electing employee committee members to plan for annual benefit activities. In addition, Wistron also provides employees free commuting transportation, Employee Assistance Programs (EAPs), family party, fitness center, group insurance plans.

(2) Training and development:

In year 2017, Wistron took around 6.67 million NT dollars for training budget and offered 447 training courses which accounted for 1,159 training hours and 50,712 participants in total in Taiwan. The major training items are “New Employee Training”, “CSR”, “Management Training”, “English” and “Culture Workshop”. Wistron believes the constant enhancement of workforce quality is one of the key driving forces for the Company’s long-term development and sustaining in the market.

To achieve this goal, Wistron constantly invests in the employees’ training activities to enhance employees’ professional skills and knowledge, management skills sets, corporate culture and other related skills. Aligning training with business objectives, since year 2008, General Managers of each Business Unit have committed to participate in the Management Assessment and Development Program, and as part of the program, to develop and implement their own Individual Development Plan (IDP). The program aims to enhance the managers’ managing and leadership skills as well as their operational efficiency. The target audience of the program is also extended to overseas site General Managers starting from year 2009.

Through the efforts over the two years, high-level managers have developed more proficient level of skills in developing organizational talents, and have committed to diffuse the initiative further down the organizational hierarchy.

Meanwhile, Wistron has extended the application of e-Learning to external counterparts, such as suppliers, to deliver its quality standard and RoHS compliance requests. E-Learning not only helps Wistron employees accelerate the understanding of Wistron internal quality policies, processes and acquire the knowledge of necessary tools, but also helps external suppliers understand and meet Wistron’s quality policies to deliver zero-defect products and services to Wistron’s customers.

To establish a system of talent development and e-Learning training, Wistron develops a Knowledge Management System (KM) to facilitate the knowledge sharing within/among departments, including overseas offices.

From 2003 to 2006, each year Wistron has been entitled awards for its excellent achievement in E-Learning implementation. Wistron was awarded the “Enterprise E-Learning for Performance Excellence” Award three years in a row, and one “Special Award” for the fourth year by the Ministry of Economic Affairs of Republic of China. In 2004 Wistron was selected by the government to represent enterprises in Taiwan to share its e-Learning best-practices in the prestigious American Society of Training and Development (ASTD) 60th anniversary international convention with the human resource experts, researchers and training professionals from across the world. In year 2005 Wistron was honored the “E-Learning Flagship Role Model Enterprise” in Taiwan. In year 2008, Wistron was awarded “National HRD InnoPrize” by Council of Labor Affairs of the Executive Yuan.

(3) Retirement plan:

To develop a stable retirement plan for the employees and therefore enhance employees’ engagement to the Company, Wistron establishes rules for the employee retirement plan in accordance with the Labor Standard Law and Labor Pension Act. Wistron contributes six percent of applicable employee’s monthly wage to the labor pension per month according to Labor Pension Act. Besides, Wistron establishes Supervisory Committee of Workers’ Retirement Fund to allocate employee retirement reserve fund each month in accordance with “Rules for the Allocation and Management of the Workers’ Retirement Fund” and deposits the fund into the dedicated account in the name of Supervisory Committee in the legally established banks.

(4) Labor Relations:

Wistron always values communication with the employees, and endeavors to reach the labor management harmony. Wistron has never been subjected to any loss due to labor management dispute, and expects no such kind of loss in the future.

2.12.2 At the time of printing this publication, loss incurred by labor dispute and the amounts of anticipated losses and countermeasures: None

3. Operational Highlights

3.1 Key Accounts in the Past Two Years

3.1.1 Key Suppliers

Unit : NT\$ thousands

	2016				2017			
	From	Amount	Percentage of total net purchase (%)	Relationship with Wistron	From	Amount	Percentage of total net purchase (%)	Relationship with Wistron
1	Cowin Worldwide Corp.	146,827,552	25.32	(NOTE)	Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.	220,691,172	29.75	(NOTE)
2	Wistron InfoComm (Chengdu) Co., Ltd.	101,194,450	17.45	(NOTE)	Cowin Worldwide Corp	169,045,657	22.79	(NOTE)
3	Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.	84,888,255	14.64	(NOTE)	Wistron InfoComm (Chengdu) Co., Ltd.	116,137,030	15.66	(NOTE)
4	Wistron InfoComm (Kunshan) Co., Ltd.	77,038,720	13.29	(NOTE)	Wistron InfoComm (Chongqing) Co.Ltd.	94,484,625	12.74	(NOTE)
5	Others	169,858,337	29.30	-	Others	141,383,618	19.06	-
-	Total	579,807,314	100.00	-	Total	741,742,102	100.00	-

NOTE: Subsidiary of the Company

3.1.2 Key Buyers

Unit : NT\$ thousands

	2016				2017			
	From	Amount	Percentage of total net sales (%)	Relationship with Wistron	From	Amount	Percentage of total net sales (%)	Relationship with Wistron
1	AIHH	136,592,267	22.27	(NOTE)	Buyer K	212,339,449	27.74	-
2	Buyer K	83,087,174	13.55	-	AIHH	150,106,296	19.61	(NOTE)
3	Buyer J	75,227,593	12.27	-	Buyer L	86,351,743	11.28	-
4	Buyer I	68,719,028	11.21	-	Buyer I	55,103,294	7.20	-
5	Others	249,588,507	40.70	-	Others	261,538,161	34.17	-
-	Total	613,214,569	100.00	-	Total	765,438,943	100.00	-

NOTE: Subsidiary of the Company

3.2 Production Value in the Most Recent Two Years

Unit : PCS;Thousand NT\$

Production Value Major Product	2016		2017			
	Capacity	Quantity	Value	Capacity	Quantity	Value
Portable device	30,962,436	22,602,578	273,924,513	37,793,725	22,284,658	276,686,150
Desktop PC	13,010,015	12,229,414	71,672,476	20,003,107	13,649,919	97,650,946
Others	106,553,188	95,897,869	348,781,876	177,098,727	111,656,107	547,358,686
Total	150,525,639	130,729,861	694,378,865	234,895,559	147,590,684	921,695,782

Note: Company shall prepare consolidated financial reports of 2016 & 2017 in accordance with IFRSs regulation.

3.3 The Sales Value in the Most Recent Two Years

Unit : PCS;Thousand NT\$

Sales Value Major Product	2016				2017			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Portable device	104,546	1,544,657	21,259,535	257,647,940	65,823	1,005,810	20,323,575	243,033,519
Desktop PC	102,094	600,108	11,782,420	69,052,796	85,260	523,967	12,882,131	89,020,590
Others	293,867	2,726,423	90,276,343	328,336,307	231,652	3,109,337	106,415,554	499,387,800
Total	500,507	4,871,188	123,318,298	655,037,043	382,735	4,639,114	139,621,260	831,441,909

Note: Company shall prepare consolidated financial reports of 2016 & 2017 in accordance with IFRSs regulation.

3.4 Taiwan Employee Data during the Past Two Years

Year		2016	2017
Employee Number	Sales	1,183	1,214
	Engineers	3,922	4,230
	Administration	940	998
	Direct Labor	279	298
	Total	6,324	6,740
Average Age		36.18	36.61
Average Seniority		6.30	6.46

3.5 Environmental Protection Measures

The Company's current compliance with RoHS recast (2011/65/EU) and other environmental protection requirements may be explained through the following aspects:

(1) Product Research and Development:

All products developed by Wistron focus on 3 subjects- hazardous free, energy saving, and resources reduction as well as have fully conformed to the European Union's RoHS (2011/65/EU) and WEEE requirements. Furthermore, we are actively paying close attention to other environmental protection trends, such as Green House Gas, Product Carbon Footprint, Halogen-free, REACH, PAHs, PFOS, Energy Star, ErP and the US EPEAT (Electronic Product Environmental Assessment Tool). Implement the Eco-design from product development; we strive to contribute for the betterment of the global environment.

(2) Production/Manufacturing:

All Wistron manufacturing bases of operation have the capacity to produce environmental friendly products; the Material Management System, Manufacturing Process Control, and Lead-free production equipment are all established. Our Taiwan, Philippines, China and Czech operation bases have been certified ISO 14001 and IECQ QC08000 (Hazardous Substance Process Management). We ensure product compliance with relevant requirements through a comprehensive environmental quality management system. We also inventory greenhouse gas emission from production and establish reduction goals as well as verified by 3rd party for ISO 14064. Moreover, the electricity consumption is the major contribution of greenhouse gases emission. To reduce the power consumption can reduce the greenhouse gases emission; therefore, Wistron improved the energy efficiency for major equipment and use the energy saving equipment to reduce the greenhouse gases emission and energy usage cost. We are also planning to use renewable energy in production and have established solar power generation in our Zhongshan and Kunshan site in 2017. In order to analysis the efficiency of energy utilization and find out the opportunity of energy saving as well as providing framework of sustaining performance improvement of energy efficiency, Wistron started to implement the ISO 50001 energy management system in Taiwan and Zhongshan Plant since 2014. Our long-term goal is to reduce 10% of electricity usage per revenue by 2020, compared to 2015.

(3) Quality Control:

Wistron has established hazardous substance analysis laboratories in Taiwan, China, Czech, and Mexico to complete the overall arrangement of a global hazardous substance testing network. The testing capability is not only to include the RoHS six restricted substances but also extend to the other substances e.g. Bromine, Chlorine, Phthalates, Arsine and Antimony, etc. We implemented the regular sampling test mechanism to ensure that components and products don't contain the hazardous substances.

(4) Supply Chain Management:

Wistron conducts regular audit and checks on suppliers to ensure that materials and components comply with environmental protection requirements; we change unqualified suppliers as well as hold annual vendor conference to introduce green product trend and Wistron's environmental requirements to reinforce suppliers' awareness on environmental protection. Our philosophy is to implement source management programs to minimize risks. To improve global warming is important issue to environment, Wistron has required suppliers to provide the data of greenhouse gases emission and encourage supplier to reduce the emission since every year. Furthermore, Wistron start to inventory the scope 3 of greenhouse gases emission for Taiwan office and factory since 2015. Collect the emission which is generated by employee travelling and transportation for product and materials. There are more manufacturing sites located in China were included in the inventory scope in 2016 .

(5) Personnel:

Wistron has established a dedicated material analysis laboratories and green component engineering department, in charge of hazardous substance analysis and component qualification through chemical analysis. Furthermore, continuously monitor green product trend as well as provide proposal and solution. In addition, the reinforcement of employees' environmental protection knowledge and skills through actual training courses and e-learning ensures the employees in the Company shall perform relevant environmental protection tasks well.

(6) Information System:

Wistron has established a Green Product Management GPM system ; suppliers may directly upload related environmental protection information into Wistron's GPM database through the internet so as to simplify procedures, minimize human error, and enhance task efficiency. The flexibility of the interface allows it to cope with future environmental protection requirements. Moreover, GPM could generate customized format report to declare the green product information to customers. We have implemented the GPM2.0 to enhance the system function and efficiency in 2014. In order to efficiently address the increased requirement of controlled hazardous substances, e.g. REACH-SVHC, Wistron has developed and implemented the Full Material Disclosure (FMD) information system to know well the composition of materials used in the products. Therefore, we can quickly verify whether the hazardous substances be used in product as well as reduce the operation cost due to the repeated investigation. In addition, Wistron has developed a product Carbon Footprint Management (CFM) system to inventory the total emission of carbon dioxide for whole product lifecycle as well as passed the verification by 3rd party.

3.6 Corporate sustainability and social responsibility

3.6.1 Awareness and commitment

Wistron Corporation is a world leading Technology Service Provider (TSP) in the information and communication industry. As such, the Company is fully aware of its capacity and responsibility as a global corporate citizen and thereby commits to providing top-quality product design and services alongside the wielding of positive influence with a view to enhancing corporate sustainability and social responsibility.

In 2008, Wistron started its era of corporate sustainability and social responsibility through the establishment of designated bodies. In practice, we fine-tuned our execution of corporate sustainability and social responsibility with reference to local cultures in different business locations. From 2010 onwards, Wistron started to communicate with stakeholders in different social sectors through different channels.

3.6.2 Corporate sustainability and social responsibility management

We recognize that environmental and social topics are too big for any single organization to address alone, therefore Wistron set up a Corporate Sustainability and Social Responsibility Implementing Committee (“CSR Implementing Committee”). The CSR Implementing Committee is the highest internal unit in managing Wistron’s CSR affairs. Serving as Chairperson of the committee, the President & CEO is responsible for setting policies, objectives and directions, as well as conducting management review.

In order to ensure that the policies and resolutions of the CSR Implementing Committee are implemented, Wistron has established five corresponding management systems in response to the five key issues of quality, green products, environmental protection, occupational safety and health, and social responsibility. Through these management systems, Wistron strives to align itself with international standards, acquire relevant management system certifications, and integrate sustainability and social responsibility policies and objectives into daily business operations.

3.6.3 Corporate sustainability and social responsibility progress

1. Since 2009, Wistron has responded to the Carbon Disclosure Project (CDP) questionnaire annually, in voluntary disclosure of our climate risks, as well as looking for opportunities for future development, emissions information and management strategies.
2. Since 2010, Wistron’s corporate greenhouse gas (GHG) goal has been set as “reduce unit revenue GHG emissions by 1% year-over-year.”
3. Since 2010, Wistron released Corporate Sustainability Report annually. The content of this report has been verified by an independent third party verifier, based on AA1000 standards, in compliance with the requirements of the Global Reporting Initiative (GRI) .
4. For sustainability and innovation, Wistron has established a “Green Recycling Business Unit” centered on the idea that “no pollution should be generated the second time around.” By using recycling technologies for many types of resources, Wistron aims to recycle electronic waste

and turn them into high-quality raw materials so that these recycled resources can be used again. Such moves help to protect the environment and reduce resource waste, and also help to reduce greenhouse gas emissions.

5. As a member of the Responsible Business Alliance (RBA), Wistron fully supports the vision and goals of the RBA, as well as its code of conduct on Environmental, Ethics, Labor and Health & Safety. (Note: The Electronic Industry Citizenship Coalition (EICC) is now the Responsible Business Alliance (RBA))

For more information, please refer to our CSR report at <http://www.wistron.com>

3.6.4 The Wistron Foundation

Wistron Foundation was established in 2010. Mr. Simon Lin holds the position of Chairman. Wistron Foundation strives to protect the environment and maintain ecological balance, advocate the values of humanities, and fulfill Wistron's corporate social responsibility.

We aim to expand Wistron's business philosophy of "Altruism" from the local community on to the entire society. For a long time, Wistron has been involved in the activities of caring for humanity and the environment through sponsorships in a variety of public welfare projects, including donations to disadvantaged children and remote schools, and cooperating with NGO/NPO partners.

In pursuit of harmony between humans and nature, Wistron Foundation has continually engaged in and sponsored projects in supporting teaching humanism, concern for humanity, environmental education and concern for the environment. In 2017, the number of our sponsored projects reached seventeen. Aside from sponsorships, we also initiate and promote different volunteering programs and encourage the participation of Wistron's employees.

The four principles of Wistron Foundation — "protecting the planet," "cherishing life," "improving quality," and "creating value" — follow our corporate values. We are committed to continue working on these long-term programs that lead towards sustainable development.

For more information, please visit the website of Wistron Foundation: <http://www.wistron-foundation.org>

4. Company Shares and Fund Raising

4.1 Capital and Shares (April 16, 2018)

4.1.1 Changes in share capital

Unit : Shares

Date of Issue	Type of Issue	Number of Shares Issued	Total Number of Issued Shares after the Issue
May 30, 2001	Issuance of Shares	1,000,000	1,000,000
August 31, 2001	New issuance of Shares	99,000,000	100,000,000
April 2, 2002	Consideration to purchase assets from Acer	400,000,000	500,000,000
July 1, 2002	New issuance of Shares	300,000,000	800,000,000
March 21, 2003	Issuance of employee stock option	9,962,000	809,962,000
August 12, 2003	Issuance of employee stock option	1,835,000	811,797,000
November 7, 2003	New issuance of Shares and issuance of employee stock option	59,128,100	870,925,100
April 7, 2004	Issuance of employee stock option	11,474,000	882,399,100
September 23, 2004	New issuance of Shares and issuance of employee stock option	66,591,955	948,991,055
January 20, 2005	Issuance of employee stock option	323,000	949,314,055
April 15, 2005	Issuance of employee stock option	1,427,000	950,741,055
June 29, 2005	Issuance of employee stock option	7,650,000	958,391,055
October 27, 2005	New issuance of GDR and issuance of employee stock option and issuance of ECB transferred.	182,177,872	1,140,568,927
January 12, 2006	Issuance of employee stock option and issuance of ECB transferred.	37,705,313	1,178,274,240
April 3, 2006	Issuance of employee stock option and issuance of ECB transferred.	18,087,896	1,196,362,136
August 28, 2006	New issuance of Shares	75,994,700	1,272,356,836
August 28, 2007	New issuance of Shares	109,569,234	1,381,926,070
July 22, 2008	Issuance of common stocks through private placement	24,000,000	1,405,926,070
September 19, 2008	New issuance of Shares	110,710,639	1,516,636,709
July 30, 2009	New issuance of GDR	150,000,000	1,666,636,709
August 24, 2009	New issuance of Shares	183,979,117	1,850,615,826
February 3, 2010	Issuance of employee stock option	13,653,000	1,864,268,826
April 6, 2010	Issuance of employee stock option	5,525,000	1,869,793,826
May 13, 2010	Issuance of employee stock option	476,000	1,870,269,826
August 27, 2010	New issuance of Shares	93,513,492	1,963,783,318

Date of Issue	Type of Issue	Number of Shares Issued	Total Number of Issued Shares after the Issue
September 9, 2010	Issuance of employee stock option	350,000	1,964,133,318
November 8, 2010	Issuance of employee stock option	874,000	1,965,007,318
March 25, 2011	Issuance of employee stock option	20,572,000	1,985,579,318
May 5, 2011	Issuance of employee stock option	573,000	1,986,152,318
September 14, 2011	New issuance of Shares and issuance of employee stock option	98,728,916	2,084,881,234
January 10, 2012	Issuance of employee stock option	116,000	2,084,997,234
April 12, 2012	Issuance of employee stock option and issuance of ECB transferred.	8,176,058	2,093,173,292
May 15, 2012	Issuance of employee stock option	842,000	2,094,015,292
August 21, 2012	New issuance of Shares	103,927,865	2,197,943,157
April 10, 2013	Issuance of employee stock option	26,000	2,197,969,157
August 26, 2013	New issuance of Shares and cancellation of treasury stocks.	117,171,125	2,315,140,282
September 13, 2013	Issuance of Restricted Stock Awards to key employees	62,795,000	2,377,935,282
November 25, 2013	Issuance of employee stock option	225,000	2,378,160,282
August 25, 2014	New issuance of Shares. Issuance of employee stock option Cancellation of Restricted Stock Awards to key employees	69,439,133	2,447,599,415
November 24, 2014	Issuance of employee stock option	20,668,000	2,468,267,415
August 31, 2015	New issuance of Shares. Cancellation of Restricted Stock Awards to key employees	87,215,013	2,555,482,428
July 29, 2016	New issuance of Shares.	24,020,115	2,579,502,543
August 19, 2016	New issuance of Shares.	72,633,610	2,652,136,153
November 22, 2016	Cancellation of Restricted Stock Awards to key employees	1,819,714	2,650,316,439
June 20, 2017	New issuance of Shares.	23,490,061	2,673,806,500
August 16, 2017	New issuance of Shares.	76,054,226	2,749,860,726
November 21, 2017	Cancellation of Restricted Stock Awards to key employees	1,172,724	2,748,688,002

Unit : Shares

Shares Category	Authorized capital				Notes
	Issued shares (note)		Non-issued	Total	
	Listed	Non-listed			
Common shares	2,748,688,002	0	1,251,311,998	4,000,000,000	Stock option 200,000,000 shares

Note : Issued shares including treasury stock 67,560,400 shares.

4.1.2 Shareholding Structure

Date : April 16, 2018

Category/ Number	Government Institution	Financial Institution	Other Institution	Individual	FINI	Treasury Stocks	Total
No. of Shareholders	6	2	290	180,534	882	1	181,715
No. of Shareholding	80,329,029	3,706,848	179,956,734	1,274,824,946	1,142,310,045	67,560,400	2,748,688,002
Percentage (%)	2.92	0.13	6.55	46.38	41.56	2.46	100.00

4.1.3 The Distribution of Shareholdings

Date : April 16, 2018

Category by shareholdings	No. of Shareholders	Number of Shares	Percentage(%)
1 ~ 999	63,783	13,661,457	0.50
1,000 ~ 5,000	75,429	168,276,645	6.12
5,001 ~ 10,000	19,219	141,022,240	5.13
10,001 ~ 15,000	8,191	98,900,708	3.60
15,001 ~ 20,000	3,957	70,794,105	2.58
20,001 ~ 30,000	4,089	99,763,120	3.63
30,001 ~ 50,000	3,029	117,454,569	4.27
50,001 ~ 100,000	2,057	144,227,589	5.25
100,001 ~ 200,000	967	131,221,214	4.77
200,001 ~ 400,000	445	122,372,100	4.45
400,001 ~ 600,000	173	83,787,588	3.05
600,001 ~ 800,000	73	50,763,537	1.85
800,001 ~ 1,000,000	50	45,240,270	1.65
1,000,001 and above	253	1,461,202,860	53.15
Total	181,715	2,748,688,002	100.00

4.1.4 The List of Major Shareholders

Date : April 16, 2018

Name	Shares	Number	Percentage(%)
The Segantii Asia-Pacific Equity Multi-Strategy Fund		53,537,000	1.95
Acer Incorporated		53,251,936	1.94
Management Board of Public Service Pension Fund		48,373,826	1.76
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds		45,698,525	1.66
UBS Limited-SBL Desk		42,006,609	1.53
Lin, Hsien-Ming		41,210,239	1.50
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		37,376,606	1.36
Morgan Stanley & Co. International Plc		37,257,255	1.36
HSBC Bank Plc - IB Asian SBL		30,039,925	1.09
Wistron NeWeb Corporation		27,974,570	1.02

4.1.5 Market Price Per Share, Net Value, Earnings & Dividends For Latest Two Years

Unit : NT \$

Item		Period	2016	2017
Market Price Per Share	Highest		25.35	32.10
	Lowest		15.55	21.65
	Average		21.43	26.88
Net Value Per Share	Before Distribution		26.62	24.41
	After Distribution		25.11	-
Earnings Per Share	Weighted Average Share Numbers (thousand shares)		2,471,672	2,628,992
	Earnings Per Share	Current	1.20	1.48
		Adjusted	1.16	-
Dividend Per Share	Cash Dividend (NT\$)		1.2	1.2
	Stock Dividend	Retained Earning (%)	0.3	0.3
		Capital Surplus (%)	0	0
	Accumulated unpaid dividends		0	0
Return on Investment Analysis	P/E Ratio		17.86	18.16
	P/D Ratio		17.86	22.40
	Cash Dividend Yield		5.60%	4.46%

4.1.6 Dividend Policy

- (1) If the Company has net profit as a result of the yearly accounting closing, the Company shall first offset its losses in previous years and set aside a legal capital reserve at ten percent(10%) of the net profit, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge, then appropriate not less than ten percent (10%) of the remaining balance plus undistributed earnings in begin of period are available for distribution as dividends to shareholders. The board of directors may propose the distribution for approval in the shareholders' meeting.
- (2) In consideration that the Company is in a capital and technology-intensive industry and in consideration of the Company's expansion and for its continual and steady growth, a long-term investment plan needs to be adopted, therefore, the Company adopts the residual dividend policy as its dividend policy. Dividends paid by cash shall not be less than ten percent (10%) of the total dividends.

4.1.7 Dividend Distribution Plan that is Proposed to be Resolved in This General Shareholders' Meeting

The Board adopted a proposal for 2017 profit distribution at its quarterly meeting on March 13, 2018. The proposed profit distribution will take effect upon the approval of shareholders at the Annual Shareholders' Meeting on June 14, 2018.

Proposal for Distribution of 2017 Profits

Unit : NTS

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

4.1.8 Compensation to Employees and to Directors,

- (1) If the Company has profit as a result of the yearly accounting closing (profit means the profit before tax, excluding the amounts of employees' and directors' compensation), such profit will be distributed in accordance with the following, once the Company's accumulated losses shall have been covered.
- A. No less than five percent (5%) of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive compensation shall be determined by the Board of Directors.
- B. No more than one percent (1%) of profit as the compensation in cash to the Directors.
- (2) The Board of Directors resolved the employees' and directors' compensation of 2017 as follows:
- A. NT\$711,307,900 as stock employees' compensation, NT\$46,946,330 as compensation to directors.
- B. The employees' compensation of NT\$711,307,900 in 2017 will be distributed by shares. The numbers of issued shares with NT\$10 per share were 30,140,165 shares, which were calculated based on the closing price, NT\$23.60, prior to the board resolution date on April 27, 2018. Employees' compensation of less than one share, equivalent to NT\$6, shall be distributed in cash.
- (3) The Bonuses to Employees and Remunerations to Directors in 2016:

	2016			
	Board Resolution	Actual Result(Note)		
	Amount(NT\$)	Amount(NT\$)	Underlying Number of Shares	Dilution(%)
Employee Profit Sharing in Cash	-	-	-	-
Employee Profit Sharing in Stock	615,439,600	615,439,600	23,490,061	0.91
Remunerations to Directors	40,619,020	40,619,020	-	-
Total	656,058,620	656,058,620	-	-

Note: Each of the above three items, being approved by the Board, has been expensed at the same amount under the Company's 2016 income statements.

4.1.9 Treasury Stocks:

As of 03/31/2018

Treasury stocks: Batch Order	1st of 2015	2nd of 2015	1st of 2016
Purpose of buy-back	To transfer to employees.	To transfer to employees.	To transfer to employees.
Timeframe of buy-back	2015/05/15~2015/07/14	2015/08/27~2015/10/21	2016/5/14~2016/7/13
Price range	NT\$23 to NT\$39 per share	NT\$12 to NT\$23 per share	NT\$16 to NT\$26 per share
Class, quantity of shares bought back	60,000,000	80,000,000	24,362,000
Value of shares bought-back	NT\$1,412,269,403	NT\$1,308,914,006	NT\$533,235,760
Shares sold/transferred	29,354,900	67,446,700	0
Accumulated number of company shares held	30,645,100	43,198,400	67,560,400
Percentage of total company shares held (%)	1.11	1.57	2.46

4.2 GDR Issuance: Issuance of Global Depositary Shares

Date : March 31, 2018

Date of Issuance	September 22, 2005	June 19, 2009	
Issuance and Listing	Luxembourg Stock Exchange		
Total Amount	US\$ 233,620,000	US\$ 223,500,000	
Offering Price per GDS	US\$ 9.3448	US\$ 14.9	
Units Issued	42,435,830 units		
Underlying Securities	424,358,339 shares		
Common Shares Represented	424,358,339 shares		
Rights and Obligations of GDS Holders	Same as those of Common Share Holders		
Trustee	Not Applicable		
Depositary Bank	Citibank, N.A.-New York		
Custodian Bank	First Commercial Bank Co. Ltd.		
GDSs Outstanding	18,540 units		
Apportionment of expenses for the issuance and maintenance	All fees and expenses such as underwriting fees, legal fees, listing fees and other expenses related to issuance of GDSs were borne by Wistron and the selling shareholders, while maintenance expenses such as annual listing fees were borne by Wistron.		
Terms and Conditions in the Deposit Agreement and Custody Agreement	See Deposit Agreement and Custody Agreement for Details		
Closing Price per GDS	2017	High	US\$ 9.12
		Low	US\$ 7.77
		Average	US\$ 8.90
	01/01/2018~03/31/2018	High	US\$ 8.90
		Low	US\$ 7.00
		Average	US\$ 8.07

4.3 Employee Stock Options: None**4.4 Implementation of the Company's Fund Raising and Utilization: None**

5. Financial Standing

5.1 Most Recent 5-Year Concise Financial Information

5.1.1 Most Recent 5-Year Concise Consolidated Balance Sheet and Consolidated Statement of Comprehensive income Concise Consolidated Balance Sheet

Unit : NT\$ thousands

Item		Period	Most recent 5-Year Financial Information				
			2013	2014	2015	2016	2017
Current assets			216,306,422	241,405,603	232,090,337	225,656,731	270,205,662
Net property, plant and equipment			35,928,027	39,255,705	37,676,747	36,448,176	36,653,350
Intangible assets			1,677,975	1,546,839	2,016,785	1,247,465	1,057,624
Other assets			16,629,350	17,361,776	18,601,175	19,403,186	18,736,746
Total assets			270,541,774	299,569,923	290,385,044	282,755,558	326,653,382
Current Liabilities	Before Distribution		168,348,939	202,857,866	199,844,353	197,453,207	254,191,674
	After Distribution		172,629,627	205,819,787	202,749,697	200,495,376	-
Non-current liabilities			35,996,817	26,704,961	21,323,478	17,333,902	6,040,646
Total Liabilities	Before Distribution		204,345,756	229,562,827	221,167,831	214,787,109	260,232,320
	After Distribution		208,626,444	232,524,748	224,073,175	217,829,278	-
Equity attributable to owners of the Company			66,186,949	69,799,674	68,715,506	67,245,050	65,126,374
Common stock			23,781,603	24,682,674	25,554,824	26,503,165	27,486,880
Capital surplus			19,651,679	20,441,985	20,707,328	21,353,585	22,076,225
Retained Earnings	Before Distribution		26,072,342	24,651,335	22,162,377	21,344,172	21,326,529
	After Distribution		21,316,022	20,948,934	18,530,697	17,541,461	-
Other equity			(3,318,675)	23,680	3,012,160	636,406	(4,010,255)
Treasury stock			-	-	(2,721,183)	(2,592,278)	(1,753,005)
Non-controlling interests			9,069	207,422	501,707	723,399	1,294,688
Stockholders' Equity	Before Distribution		66,196,018	70,007,096	69,217,213	67,968,449	66,421,062
	After Distribution		61,915,330	67,045,175	66,311,869	64,926,280	-

Concise Consolidated Statement of Comprehensive income

Unit : NT\$ thousands

	Most Recent 5-Year Financial Information				
	2013	2014	2015	2016	2017
Operating revenue	624,009,073	592,346,734	623,273,988	659,908,231	836,081,023
Gross profit	30,203,051	31,117,158	29,416,236	31,644,517	31,639,403
Operating income	6,085,926	3,765,877	2,389,705	6,012,070	5,913,811
Non-operating income and expenses	1,829,261	1,078,380	(19,340)	(1,254,970)	244,600
Profit before tax	7,915,187	4,844,257	2,370,365	4,757,100	6,158,411
Net income for continuing operations	5,754,728	3,590,848	1,270,895	2,993,004	4,361,491
Income from discontinued operations, net of income tax effect	-	-	-	-	-
Net income	5,754,728	3,590,848	1,270,895	2,993,004	4,361,491
Other comprehensive income for the year, net of tax	1,134,976	3,090,018	2,601,852	(2,430,986)	(4,821,073)
Total comprehensive income for the year	6,889,704	6,680,866	3,872,747	562,018	(459,582)
Profit attributable to owners of the Company	5,751,341	3,580,393	1,334,094	2,961,101	3,885,516
Profit attributable to non-controlling interests	3,387	10,455	(63,199)	31,903	475,975
Total comprehensive income attributable to owners of the Company	6,886,361	6,666,944	3,933,920	531,776	(932,172)
Total comprehensive income attributable to non-controlling interests	3,343	13,922	(61,173)	30,242	472,590
EPS	2.45	1.46	0.53	1.16	1.48

5.1.2 Most Recent 5-Year Concise Balance Sheet and Statement of Comprehensive income**Concise Balance Sheet**

Unit : NT\$ thousands

Item		Period	Most recent 5-Year Financial Information				
			2013	2014	2015	2016	2017
Current assets			130,837,993	160,982,907	199,767,923	240,235,239	307,517,887
Net property, plant and equipment			7,233,232	6,252,270	5,769,852	5,528,953	4,821,377
Intangible assets			1,547,588	1,353,840	1,220,953	1,058,875	897,455
Other assets			67,532,931	74,660,866	79,019,286	76,615,086	73,254,431
Total assets			207,151,744	243,249,883	285,778,014	323,438,153	386,491,150
Current Liabilities	Before Distribution		105,696,796	146,905,437	196,060,111	238,995,932	315,525,888
	After Distribution		109,977,484	149,867,358	198,965,455	242,038,101	-
Non-current liabilities			35,267,999	26,544,772	21,002,397	17,197,171	5,838,888
Total Liabilities	Before Distribution		140,964,795	173,450,209	217,062,508	256,193,103	321,364,776
	After Distribution		145,245,483	176,412,130	219,967,852	259,235,272	-
Common stock			23,781,603	24,682,674	25,554,824	26,503,165	27,486,880
Capital surplus			19,651,679	20,441,985	20,707,328	21,353,585	22,076,225
Retained Earnings	Before Distribution		26,072,342	24,651,335	22,162,377	21,344,172	21,326,529
	After Distribution		21,316,022	20,948,934	18,530,697	17,541,461	-
Other equity			(3,318,675)	23,680	3,012,160	636,406	(4,010,255)
Treasury stock			-	-	(2,721,183)	(2,592,278)	(1,753,005)
Stockholders' Equity	Before Distribution		66,186,949	69,799,674	68,715,506	67,245,050	65,126,374
	After Distribution		61,906,261	66,837,753	65,810,162	64,202,881	-

Concise Statement of Comprehensive income

Unit : NT\$ thousands

	Most Recent 5-Year Financial Information				
	2013	2014	2015	2016	2017
Operating revenue	539,784,508	546,645,407	585,799,180	613,214,569	765,438,943
Gross profit	23,256,623	23,433,554	20,848,113	23,996,804	19,835,867
Operating income	4,726,777	4,423,866	1,803,792	6,344,428	3,397,264
Non-operating income and expenses	2,650,126	140,869	156,945	(2,897,966)	586,534
Profit before tax	7,376,903	4,564,735	1,960,737	3,446,462	3,983,798
Net income for continuing operations	5,751,341	3,580,393	1,334,094	2,961,101	3,885,516
Income from discontinued operations, net of income tax effect	-	-	-	-	-
Net income	5,751,341	3,580,393	1,334,094	2,961,101	3,885,516
Other comprehensive income for the year, net of tax	1,135,020	3,086,551	2,599,826	(2,429,325)	(4,817,688)
Total comprehensive income for the year	6,886,361	6,666,944	3,933,920	531,776	(932,172)
EPS	2.45	1.46	0.53	1.16	1.48

5.1.3 CPAs and Their Opinions for Most Recent 5-Year

Year	Name of CPA	Auditor's Opinion
2013	Ya-Ling, Chen, Shu-Yu, Lin	Unqualified opinion
2014	Ya-Ling, Chen, Chia-Hsin, Chang	Unqualified opinion
2015	Ya-Ling, Chen, Chia-Hsin, Chang	Unqualified opinion
2016	Ya-Ling, Chen, Li-Li, Lu	Unqualified opinion
2017	Li-Li, Lu, Chia-Hsin, Chang	Unqualified opinion

5.2 Most Recent 5-Year Financial Analysis

5.2.1 Financial Analysis-For Consolidated Report

Item		Period	Most recent 5-Year Financial Information				
			2013	2014	2015	2016	2017
Financial ratio (%)	Total liabilities to total assets		75.53	76.63	76.16	75.96	79.67
	Long-term debts to Net property, plant and equipment		284.44	246.36	240.31	234.04	197.69
Ability to payoff debt (%)	Current ratio		128.49	119.00	116.14	114.28	106.30
	Quick Ratio		96.75	80.98	81.13	80.06	69.13
	Interest protection		4.92	3.02	2.27	3.40	3.23
Ability to operate	A/R turnover (times)		6.94	6.35	6.50	7.28	9.07
	A/R turnover days		52.58	57.48	56.19	50.13	40.24
	Inventory turnover (times)		12.34	9.07	8.40	9.46	10.22
	Account payable turnover (times)		5.94	5.42	5.57	5.57	6.25
	Days sales outstanding		29.57	40.24	43.45	38.58	35.71
	Fixed assets turnover (times)		17.81	15.76	16.20	17.81	22.87
	Total assets turnover (times)		2.30	2.08	2.11	2.30	2.74
Earning ability	Return on assets (%)		2.73	1.89	0.90	1.56	2.11
	Return on equity (%)		8.98	5.27	1.83	4.36	6.49
	PBT to pay-in capital		33.28	19.63	9.28	17.95	22.40
	Net income ratio (%)		0.92	0.61	0.20	0.45	0.52
	EPS (NTD)		2.45	1.46	0.53	1.16	1.48
Cash flow (%)	Cash flow ratio		5.43	(Note 7)	7.88	22.97	(Note 7)
	Cash flow adequacy ratio		58.87	28.79	43.58	95.57	50.22
	Cash reinvestment ratio		4.56	(Note 7)	10.18	34.80	(Note 7)
Leverage	Operating leverage		3.49	5.17	7.75	3.79	3.97
	Financial leverage		1.50	2.75	4.53	1.49	1.87

Note :

1. Financial Ratio

(1) Total liabilities to Total assets = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment = (Net equity + Non-current liabilities) / Net property, plant and equipment

2. Ability to Pay off Debt

(1) Current ratio = Current Assets / Current liability

(2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liability

(3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance

(2) A/R turnover day = 365 / account receivable turnover

(3) Inventory turnover = Cost of Goods Sold / the average of inventory

(4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net Fixed Assets

(7) Total assets turnover = Net sales / Total assets

4. Earning Ability

(1) Return on assets = [PAT + Interest expense × (1 – effective tax rate)] / the average of total assets

(2) Return on equity = PAT / the average of net equity

(3) Net income ratio = PAT / Net sales

(4) EPS = (Profit attributable to owners of the Company – Dividend from prefer stock) / weighted average outstanding shares

5. Cash Flow

(1) Cash flow ratio = Cash flow from operating activities / Current liability

(2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)

(3) Cash investment ratio = (Cash flow from operating activities – cash dividend) / (Gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

(1) Operating leverage = (Net revenue – variable cost of goods sold and operating expense) / operating income

(2) Financial leverage = Operating income / (Operating income – interest expenses)

7. The analysis of negative cash flow from operating activities is meaningless.

5.2.2 Financial Analysis-For Parent-company-only

Item		Period	Most recent 5-Year Financial Information				
			2013	2014	2015	2016	2017
Financial ratio (%)	Total liabilities to total assets		68.05	71.31	75.95	79.21	83.15
	Long-term debts to Net property, plant and equipment		1402.62	1540.97	1554.94	1527.27	1471.89
Ability to payoff debt (%)	Current ratio		123.79	109.58	101.89	100.52	97.46
	Quick Ratio		116.94	101.23	96.83	95.76	91.78
	Interest protection		6.07	3.51	2.68	4.07	3.37
Ability to operate	A/R turnover (times)		5.43	4.67	4.05	3.65	3.59
	A/R turnover days		67.16	78.21	90.15	100.02	101.61
	Inventory turnover (times)		84.70	60.90	55.84	59.32	53.24
	Account payable turnover (times)		8.60	7.14	5.03	3.47	3.40
	Days sales outstanding		4.31	5.99	6.54	6.15	6.86
	Fixed assets turnover (times)		74.56	81.07	97.45	108.55	147.91
	Total assets turnover (times)		2.65	2.43	2.21	2.01	2.16
Earning ability	Return on assets (%)		3.42	2.26	0.87	1.28	1.49
	Return on equity (%)		8.98	5.27	1.93	4.36	5.87
	PBT to pay-in capital		31.02	18.49	7.67	13.00	14.49
	Net income ratio (%)		1.07	0.65	0.23	0.48	0.51
	EPS (NTD)		2.45	1.46	0.53	1.16	1.48
Cash flow (%)	Cash flow ratio		5.01	(Note 7)	18.02	19.90	(Note 7)
	Cash flow adequacy ratio		43.49	10.54	112.27	309.52	160.99
	Cash reinvestment ratio		1.76	(Note 7)	30.64	45.35	(Note 7)
Leverage	Operating leverage		4.00	4.05	9.00	3.21	5.08
	Financial leverage		1.44	1.70	2.84	1.22	1.98

Note :

1. Financial Ratio

(1) Total liabilities to Total assets = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment = (Net equity + Non-current liabilities) / Net property, plant and equipment

2. Ability to Pay off Debt

(1) Current ratio = Current Assets / Current liability

(2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liability

(3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance

(2) A/R turnover day = 365 / account receivable turnover

(3) Inventory turnover = Cost of Goods Sold / the average of inventory

(4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net Fixed Assets

(7) Total assets turnover = Net sales / Total assets

4. Earning Ability

(1) Return on assets = [PAT + Interest expense × (1 – effective tax rate)] / the average of total assets

(2) Return on equity = PAT / the average of net equity

(3) Net income ratio = PAT / Net sales

(4) EPS = (PAT – Dividend from prefer stock) / weighted average outstanding shares

5. Cash Flow

(1) Cash flow ratio = Cash flow from operating activities / Current liability

(2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)

(3) Cash investment ratio = (Cash flow from operating activities – cash dividend) / (Gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

(1) Operating leverage = (Net revenue – variable cost of goods sold and operating expense) / operating income


(2) Financial leverage = Operating income / (Operating income – interest expenses)

7. The analysis of negative cash flow from operating activities is meaningless.

5.3 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 : 

Mar 13, 2018

5.3.1 Audit Committee

The Audit Committee is composed of all of the five Independent Directors, with one financial expert. Before the Board meetings, the Audit Committee holds meetings regularly at least once each quarter to examine the Company's internal control systems, internal audit executions, as well as material financial activities; also to communicate with CPAs for an effective supervision on the company's operations and risk controls. A total of eight (A) Audit Committee meetings were held in 2017. The Independent Director's participation status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate in Person (%) (B/A)	Remarks
Chair	Michael Tsai	7	1	88	-
Member	John Hsuan	5	3	63	-
Member	James K.F. Wu	6	2	75	Financial Expert
Member	Duh-Kung Tsai	6	2	75	-
Member	Victor C.J. Cheng	7	1	88	-

5.3.2 Board meeting attendance:

The Board meetings held ten times in 2017.

Title	Name	Attendance	Proxy	Attendance%	Note
Chairman	Simon Lin	8	0	100	-
Director	Stan Shih	6	2	75	-
Director	Haydn Hsieh	8	0	100	-
Director	Robert Huang	8	0	100	-
Independent Director	John Hsuan	5	3	63	-
Independent Director	Michael Tsai	7	1	88	-
Independent Director	James K.F. Wu	6	2	75	-
Independent Director	Duh-Kung Tsai	6	2	75	-
Independent Director	Victor C.J. Cheng	7	1	88	-

5.3.3 Compensation Committee composition, responsibilities and operation:

On July 20, 2015, Wistron's Board of Directors made a resolution to set up the third session of Compensation Committee. The Committee is composed of three members: Independent Director, Mr. John Hsuan; Independent Director, Mr. Michael Tsai; and Independent Director, Mr. Duh-Kung Tsai. Among the Committee members, Mr. John Hsuan was unanimously elected by the entire Committee members to serve as the convener and meeting chair.

Wistron's Compensation Committee is given the authority to establish and review compensation policies for the Company's directors and senior management. The policies are linked with the Company's performance and goals, designed to recruit and retain high quality personnel and enhance competitiveness.

The Committee conducted three meetings in 2017 and the Committee members' attendance status is as below:

Title	Name	Attendance in Person	Proxy Attendance	Rate of Attendance in Person (%)	Note
Chair	John Hsuan	3	0	100	-
Member	Michael Tsai	3	0	100	-
Member	Duh-Kung Tsai	1	2	33	-

6. Financial Analysis

6.1 2017 vs. 2016 financial analysis

Unit : NT\$ thousands

Item	Year	2017.12.31	2016.12.31	Difference	
				Amount	%
Current assets		270,205,662	225,656,731	44,548,931	19.74
Net property, plant and equipment		36,653,350	36,448,176	205,174	0.56
Intangible assets		1,057,624	1,247,465	(189,841)	(15.22)
Other assets		18,736,746	19,403,186	(666,440)	(3.43)
Total assets		326,653,382	282,755,558	43,897,824	15.53
Current liabilities		254,191,674	197,453,207	56,738,467	28.74
Non-current liabilities		6,040,646	17,333,902	(11,293,256)	(65.15)
Total liabilities		260,232,320	214,787,109	45,445,211	21.16
Common stock		27,486,880	26,503,165	983,715	3.71
Capital surplus		22,076,225	21,353,585	722,640	3.38
Retained earnings		21,326,529	21,344,172	(17,643)	(0.08)
Other equity		(4,010,255)	636,406	(4,646,661)	(730.14)
Treasury stock		(1,753,005)	(2,592,278)	839,273	(32.38)
Equity attributable to owners of the company		65,126,374	67,245,050	(2,118,676)	(3.15)
Non-controlling interests		1,294,688	723,399	571,289	78.97
Total equity		66,421,062	67,968,449	(1,547,387)	(2.28)

6.1.1. Analysis for asset, liability and stockholders' equity balance change more than 20%, and the changed amount are more than NT\$10,000K:

- (1) The increase in current liabilities was mainly due to increase in short-term loans.
- (2) The decrease in non-current liabilities was mainly due to decrease in long-term loans.
- (3) The decrease in other equity was mainly due to decrease in exchange differences on translation of foreign financial statements.
- (4) The decrease in treasury stock was mainly due to transferring treasury stock to employees.
- (5) The increase in non-controlling interests was mainly due to the increase of net profit from subsidiaries.

6.2 2017 vs. 2016 operating result analysis

Unit : NT\$ thousands

Item	Year		Increasing (decreasing) amount	Change percentage (%)
	2017	2016		
Net revenues	836,081,023	659,908,231	176,172,792	26.70
Cost of sales	804,441,620	628,263,714	176,177,906	28.04
Gross profit	31,639,403	31,644,517	(5,114)	(0.02)
Operating expenses	25,725,592	25,632,447	93,145	0.36
Operating income	5,913,811	6,012,070	(98,259)	(1.63)
Non-operating income and expenses	244,600	(1,254,970)	1,499,570	(119.49)
Profit before tax	6,158,411	4,757,100	1,401,311	29.46
Income tax expenses	1,796,920	1,764,096	32,824	1.86
Net profit	4,361,491	2,993,004	1,368,487	45.72
Other comprehensive income, net of tax	(4,821,073)	(2,430,986)	(2,390,087)	98.32
Total comprehensive income	(459,582)	562,018	(1,021,600)	(181.77)
Net profit attributable to owners of the Company	3,885,516	2,961,101	924,415	31.22
Total comprehensive income attributable to owners of the Company	(932,172)	531,776	(1,463,948)	(275.29)

6.2.1 Analysis for change item amount change more than 20%:

- (1) Increase in net revenues and cost of sales : The increase was mainly due to the increase of net revenues.
- (2) Increase in non-operating income and expenses: The increase was mainly due to the increase of foreign exchange gains ,net .
- (3) Increase in net profit and net profit attributable to owners of the Company : The increase was mainly due to the increase of non-operating income and expenses .
- (4) Decrease in other comprehensive income, net of tax: The decrease was mainly due to the decrease of exchange differences on translation of financial statements.
- (5) Decrease in total comprehensive income and total comprehensive income attributable to owners of the Company: The decrease was mainly due to the decrease of other comprehensive income, net of tax.

6.3 Cash flow analysis:

- (1) Operating Activities: Cash flow-out of NT\$ 13,139M was mainly caused by the increase in inventory.
- (2) Investing Activities: Cash flow-out of NT\$ 10,183M was mainly caused by the increase in fix asset acquisition and other assets-noncurrent.
- (3) Financing Activities: Cash flow-in of NT\$ 33,420M was mainly caused by the increase in short term borrowings.

6.3.1 Cash flow forecast in 2018

Unit: NT\$thousands

Cash beginning balance	Cash flow from operating activities	Cash flow-in (out)	Cash ending balance (shortage)	Plan for cash ending balance shortage	
				Investment plan	Financing plan
65,986,117	11,777,035	(1,608,550)	64,377,617	-	-

- (1) Operating Activities: Cash flow-in is mainly due to the growth in estimated operating income of 2018
- (2) Investing Activities: Cash flow-out is mainly due to potential expansion of subsidiaries' operation and business scale.

6.4 Major Capital Expenditures and Impact on Financial and Business**6.4.1 Major Capital Expenditure and Sources of Funding**

Unit : NT\$ thousands

Plan	Actual or planned source of capital	Total amount as of Dec 31, 2017	Status of Actual Use of Capital	
			2016	2017
Production facilities and Equipment	Cash Flow generated from operation	13,904,807	6,493,097	7,411,710

6.4.2 Expected Future Benefits:

The investment in capital expenditure was for business growth as well as to expand capacity and to enhance productivity.

6.5 Investment Policies:

The investments the company made were for long-term strategic purpose. In 2017, the investment income recognized under equity method was NT\$ 307,854 thousands. The company will continue making long-term strategic investments through prudent assessment in order to reinforce its competitiveness.

6.6 Risk Management

6.6.1 How does interest rate, exchange rate, or inflation influence Company's profit and loss, and how to manage such risks?

Items	2016 (in thousand NT dollars)	2017 (in thousand NT dollars)
Interest Income	933,695	1,078,725
Interest Expense	1,981,651	2,756,041
Exchange loss/gain	287,721	2,746,378

By the end of 2017, the cash and short-term investment balance of the Company totaled about NT\$66.5 billion with short term borrowings about NT\$82.6 billion. We reinvested the surplus funds after considerable evaluation of risks involved, while watching closely the change of bank lending rates on a regular basis.

Around 95% of the Company's revenue from sales was quoted in U.S. dollars, and most of the Company's material purchases use U.S. dollars as well. Therefore, the majority of Company's foreign currency operating exposure can be mutually offset. In addition, the Company has used regular hedge activities to manage its foreign exchange risk, under proper risk management guidelines. Due to the fluctuation of the foreign exchange rate and the swaps, the Company experienced a foreign exchange gain of NT\$2,746,378 thousands last year.

There was no major inflation around the world during the past year and the Company has not experienced much in this regard.

The action plans to cope with impacts from interest rates, exchange rates and inflation are:

- (1) Further mutually offset foreign assets and liabilities to avert risk.
- (2) Make plans and arrangements in advance for funds yields and borrowing costs, in light of the company's business anticipation and funds requirements.
- (3) Use auxiliary tools, such as derivative financial products, to avoid risks under proper risk guidelines.

6.6.2 What is the Company's policy to make high risk or leveraged investment, make a loan, make a guarantee or buy derivatives? And what are the reasons of gain or loss and what are the future plans?

The Company has not performed any high-risk or highly leveraged investments for the past year. And the Company has not loaned funds and endorsed or guaranteed for any parties other than the subsidiaries which were restricted by Company's internal policies, and no loss has incurred. The Company performed derivatives transactions under the related regulations of the Company, and the transactions were within our business scope.

Looking ahead, the Company will adhere to its existing principle, and not make high-risk and highly leveraged investments. We will only loan to other parties, endorse and guarantee for other parties under the Company's applicable regulations. The derivatives transactions will be performed strictly in compliance with the Derivatives Transaction Procedures set forth by the Company.

6.6.3 Future R&D Development Plan and Investment:

All R&D plans for 2017 have been implemented and put in use in volume production or have been submitted to the customers for verification after internal testing. We will continue to invest on R&D for 2018 to meet business growth needs. The investment ratio will be almost the same as in 2017.

6.6.4 The Impact of Law and Regulation Changes on the Company's Financial Performance:

We have taken proactive measures to protect our financial performance against law and regulation changes.

6.6.5 Impact of Technological and Industrial Changes on the Company's Financial Performance:

To react to the gross margin drop resulting from fiercer market competition, we will enhance the competitiveness of existing businesses, such as advance product functionality, lower production costs and exert strict control over operation costs. In addition, we will enhance the value and momentum of innovation by developing the new opportunities for other technology service related businesses.

6.6.6 Impact of Corporate Image Change on Our Risk Management and the Action Plan:

The most important factor of the Company's image is its integrity. Integrity is the fundamental principal in both our corporate culture and regulations, and has obtained recognition from the general public. Adhering to the integrity principle is beneficial to our risk management.

6.6.7 Expected gains and possible risks relative to acquisitions, and the solution:

No acquisitions occurred in 2017.

6.6.8 Expected Benefits and Risks Related to Plant Facility Expansions:

Feasibility study and financial analysis will be conducted by a designated task force for all plant facility expansions to know all scenarios and proper countermeasures to prepare.

6.6.9 Supply and Distribution Concentration:

Except 100% owned subsidiaries, no concentration risk pertaining to the suppliers and customers.

6.6.10 How shares transfer made by directors, supervisors or shareholders with 10% or more shareholdings affect Company?

Not applicable.

6.6.11 Impact of Management Change on the Company and Action Plans:

The company has a very healthy shareholder's structure: 41.56% stock shares are held by foreign investors, 9.6% by domestic institutional investors, 2.46% by treasury shares. They possess around 53.62% in the aggregate. In addition, the healthy shareholding structure of the Company lowers the risk of key management changes. We will do our best effort to improve corporate management to reward our shareholders with better performance. This is the key to our company's sustained development.

6.6.12 Does the Company or its directors, supervisors, general manager, key managers, shareholders with more than 10% shareholding or subsidiaries have any pending lawsuits or disputes which might significantly affect the shareholders' equity or share prices? If yes, what are the facts, claims, filing date, major parties and status upon publishing of this Report?

- (1) In June of 2016, Alacritech filed an action against the Company in the United States District Court for the Eastern District of Texas. The accused products are servers and network interface devices. The litigation has been stayed pending the decision of the US Patent Trial and Appeal Board on IPR proceedings to review certain Alacritech's patent claims.
- (2) In March of 2017, Hitachi Maxell LTD (Japan) submitted the dispute to arbitration in New York City in accordance with the UNCITRAL Arbitration Rules regarding the Patent License Agreement signed with the Company relating to digital televisions. The case is currently in the discovery process, so the final decision has not been made by the Tribunal. The Company will keep co-working with its US attorneys and defend actively.
- (3) In May 2017, Qualcomm Inc. filed an action in UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF CALIFORNIA against the Company and three other contracted manufacturers for patent licensing payment dispute. The Company and such three contracted manufacturers filed a countersuit against Qualcomm in July 2017. The final decisions to all the claims have not been made, and the Company will keep working with its US counsels and defend vigorously.
- (4) In October of 2017, Phenix Longhorn filed an action against the Company in the United States District Court for the Eastern District of Texas. The accused products are digital televisions. The final decision has not been made, and the Company will keep working with its US counsels and defend vigorously.

6.6.13 Other Risks: None

7. Enforcement of Corporate Governance

Items	Enforcement		
	Yes	No	
1. Does Company follow “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies” to establish and disclose its corporate governance practices?	✓		
2. Shareholding Structure & Shareholders’ Rights			
(1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	✓		
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		
3. Composition and Responsibilities of the Board of Directors			
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓		
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis?	✓		

	Enforcement	Discrepancy between the corporate governance principles implemented by the Company and the government principles, and the reason for the discrepancy
	Summary Description	
	Wistron has set up “Corporate Governance Best Practice Principles” by Board of Director and made amendment on November 11, 2016, and there is no discrepancy between corporate governance principles.	No discrepancy
	<p>(1) Wistron has designated the Shareholder Service Office to handle the shareholders’ proposal and disputes.</p> <p>(2) Wistron holds information on the identities of major shareholders and their ultimate controlling persons.</p> <p>(3) Wistron has established the appropriate risk control mechanisms and firewalls according to internal rules, such as rules of supervision over subsidiaries, rules governing endorsement and guarantee, loaning of funds and the rules governing acquisitions and dispositions of assets etc.</p> <p>(4) Wistron enacted “Regulations on Insider Trading” to prevent any illegal activities in terms of insider trading.</p>	No discrepancy
	<p>(1) Wistron has set the diversification policy of the board of directors in “Corporate Governance Best Practice Principles”. All members of the Board of Directors have professional background (e.g., law, accounting, industry, and finance), professional skills, and industry experience.</p> <p>(2) Wistron may create other functional committees according to the article 12 of Articles of Incorporation. Except for Audit Committee and Compensation Committee, our Company has set up a Corporate Sustainability and social Responsibility Implementing Committee, which the President & CEO is serving as chairperson of the committee, and will report the implementation status and results to the Board.</p> <p>(3) Wistron has established “Rules for Board of Directors Performance Assessments” on November 11, 2016. The Company had completed the performance evaluation of Board of Directors for the period from January 1, 2017 to December 31, 2017, including self-evaluation by individual board members and the internal evaluation of the board. The assessment fee in the questionnaire shall be deemed to be the achievement of the project. If the rate is over 90% (inclusive), it shall be “exceed the standard”. If the rate is over 80% (inclusive) or less than 90%; When the rate is less than 80%, it is “still strong”. Upon completion of the above procedures, the results of the 2017 Board of Directors’ performance evaluation are “exceed the standard”.</p>	No discrepancy

Items	Enforcement		
	Yes	No	
(4) Does the Company regularly evaluate its external auditors' independence?	✓		
4. Does a TWSE/TPEX listed company set up a full/part-time corporate governance unit or personnel to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required information for business execution, handling relevant matters with board meetings and shareholders meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings?	✓		
5. Whether the company has established channels of communication with Stakeholders (including but not limited to shareholders, employees, customers and suppliers), and open the Stakeholders section on the company's website, and respond appropriately to Stakeholders' interests/concerns regarding corporate social responsibility.	✓		
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?		✓	
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓ ✓		

	Enforcement	Discrepancy between the corporate governance principles implemented by the Company and the government principles, and the reason for the discrepancy
	Summary Description	
	(4) The evaluation of CPA is one of the main duties of the Audit Committee each year. Wistron evaluates the independence of CPA based on KPMG's Statement of Independence and items stated in Certified Public Accountant Act and "Integrity, Objectivity and Independence.", No.10 of "The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China".	No discrepancy
	<p>The Chief of Staff Office of the Company is the unit to be in charge of corporate governance affairs and designate the top supervisor of Chief of Staff Office to be in charge of supervision.</p> <p>It is advisable that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> 1. Handling corporate registration and amendment registration. 2. Handling matters relating to board meetings and shareholders meetings according to laws, and assisting the company with compliance with laws and regulations governing such meetings. 3. Producing minutes of board meetings and shareholders meetings. 4. Furnishing information required for business execution by directors, and updating them on developments of laws and regulations relating to the operation of the company in order to assist them with legal compliance. 5. Affairs relating to shareholders. <p>Other matters set out in the articles or corporation or contracts.</p>	No discrepancy
	<p>In order to communicate with different stakeholders effectively, we have initiated materiality analysis procedures every year since 2010. The scope and boundary of identifying aspects were included by referring to GRI G4 since 2014, then referred to GRI standards since 2017.</p> <p>We have also designated a stakeholder section on the corporate website to address our corporate sustainability and social responsibility activities and any other issues.</p>	No discrepancy
	Our Company has designated the Office of Shareholders' Affairs to handle the shareholders' proposal and disputes.	No discrepancy
	<ol style="list-style-type: none"> (1) Wistron has set up a website containing the information regarding financials, business and corporate governance status (2) Wistron has one chief spokesman and one acting spokesman and also designated a team to be responsible for gathering and disclosing the information. 	No discrepancy

Items	Enforcement		
	Yes	No	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓		
<p>9. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the TWSE and provide priority measures and measures for those who have not yet improved.</p> <p>(1) On October 27, 2017, Wistron commissioned Taiwan Corporate Governance Association of to hold a course and invited the directors to participate.</p> <p>(2) Through the Audit Committee, Wistron has established a communication channel between independent directors and internal audit and accountants, and has disclosed its communication methods, events and results to the website of the Company.</p> <p>(3) On November 11, 2016, Wistron's Board of Directors approved the "Rules for Board of Directors Performance Assessments" and had completed the performance evaluation of Board of Directors for the period from January 1, 2017 to December 31, 2017.</p>			

	Enforcement	Discrepancy between the corporate governance principles implemented by the Company and the government principles, and the reason for the discrepancy
	Summary Description	
	<p>Wistron emphasizes on the importance of employee benefits and rights, we not only comply with related laws and regulations, but also provide different kinds of benefits exceeding local legal requirements to meet employees' needs. To ensure that employees understand their rights and benefits, all relevant regulations and procedures are disclosed on company's internal website. In addition, Wistron is a member of Responsible Business Alliance (RBA), we strictly comply with RBA's Code of Conduct and are committed to fulfilling social responsibilities, protect employees' rights and include them as part of our daily business practice.</p> <p>Investor Relations: The objective for managing investor relations is to provide the latest information of the company to global investors. The company can communicate directly to global investors, enhance the transparency of financials and corporate governance and build up the reputation through it.</p> <p>Stakeholders Relations: To different circumstances, the company has investor relations, public relations, legal departments, etc. to communicate with stakeholders and the company website contain all the contact information of all above mentioned departments.</p>	No discrepancy

8. Enforcement of Ethical Corporate Management

Item	Implementation Status		
	Yes	No	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the company have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the management team?</p> <p>(2) Does the company establish relevant policies which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequence of violation and complaint procedures in such policies?</p> <p>(3) Does the company establish appropriate compliance measures for the business activities prescribed in paragraph 2, article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and any other such activities associated with high risk of unethical conduct?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		
<p>2. Ethic Management Practice</p> <p>(1) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> <p>(2) Does the company set up a unit which is dedicated to or tasked with promoting the company's ethical standards and reports directly to the Board of Directors with periodical updates on relevant matters?</p> <p>(3) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		

	Implementation Status	Specify the difference
	summary	
	<p>(1) We establish “Ethical Corporate Management Best Practice Principles”, “Code of Ethical Conduct” and “Corporate Governance Best Practice Principles”, above contents are disclosed in our company website and Market Observation Post System. Integrity is not only the core value of our business but also a fundamental part of our daily operation, this standard also applies to our board of directors (including independent board directors, the same as below) supervisors, employees or substantial controllers.</p> <p>(2) In our “Code of Ethical Conduct”, we clearly define the basic rules that employees must follow and avoid, including the principles and procedures of conflict of interest, Giving Presents and Treats, Legal Political Donations, Charitable Donations. As the same time, we clearly define the complaint channels and operation procedures.</p> <p>(3) We determined the units which handles financial/treasury and procurement as the ones with potential risks. The involved units are required to undergo specific trainings, internal audit or regular work rotation to reduce potential risk.</p>	No discrepancy
	<p>(1) Prior to any commercial transactions with external entities, we consider their ethical performance by reviewing their condition of legitimacy, ethical policy and records of unethical behaviors. We also convey our policy and ethical standards to our business partners and refuse to offer, commit, request or accept any improper advantage in any form, either directly or indirectly. Once we are aware of any unethical events, we will terminate the contract immediately and move the entity to the dishonor list.</p> <p>Besides that, we stipulate the terms and conditions of ethical management in contracts such as specific and reasonable payment terms, handling of unethical conduct including but not limited to the pertaining to prohibition of commissions, rebates, or other benefits.</p> <p>(2) HR department is responsible for the establishment of company’s integrity policy and the supervision of enforcement, and report to Board Meeting regularly. So far no incidents of unethical conduct have been reported.</p> <p>(3) It is stated in our “Ethic Policy” that we pay high attentions to conflicts of interest .In our “Code of Ethical Conduct”, we clearly define the principles and circumstances of conflicts of interest that related person shall avoid, and we also require them to report initiatively to their immediate supervisors, highest level of management of HR or report on board meeting if they face or are aware of similar situations that may arise conflicts of interest. So far no incidents of unethical conduct have been reported.</p>	No discrepancy

Item	Implementation Status		
	Yes	No	
(4) To implement relevant policies on ethical conducts, does the company establish effective accounting and internal control systems that are audited by internal auditors or CPA periodically?	✓		
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?	✓		
3. Implementation of Complaint Procedures			
(1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		
(2) Does the company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?	✓		
(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		
4. Information Disclosure			
Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (“MOPS”)?	✓		
5. If the company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation. No discrepancy			
6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethics policy). Required suppliers to sign ethical commitment and inform suppliers of our anti-corruption policy via our E-procurement system(WSRM), and promote our ethical standards during the annual vendor conference and Corporate Briefing. The supplier’s implementation status is also reviewed every year.			

	Implementation Status	Specify the difference
	summary	
	<p>(4) We conduct evaluation and self-audit of the effectiveness of internal control system, including accounting system with considered changes in the business environment, and make appropriate modifications if necessary, The result will be reviewed by Audit Office based on good faith.</p> <p>(5) Employees are required to take ethic e-trainings courses and exams on the first day of employment. Managers are also required to take ethical and integrity training once they are assigned as managerial position.</p>	No discrepancy
	<p>(1) All employees have the duty to report directly to independent board of director, highest level of management of HR, Audit Office or Chairman the improper conduct that is against the ethical conduct of the company, and we also pledge to protect the employees involved in reporting or investigation of the events from injustice or revenge. If employees violate the Code of Ethical Conduct, we will consider the severity of the violation, and conduct proper action, including dismissal, based on “Guidelines on Employee Award/Disciplinary”. If business partners violate our integrity policy, we will consider the severity of the violation to reduce or terminate our cooperation, or even report to the judicial authorities.</p> <p>(2) Wistron establish internal complaint procedure, which provides a clear process for complaint addressing, investigation, complaint resolution, etc., All complainants are treated sensitively and confidentially.</p> <p>(3) The complainant and respondent who involved in reporting or investigation of the events are free from injustice or revenge.</p>	No discrepancy
	<p>In Wistron official website, we disclose the actions and commitments to our ethic policy and RBA (Responsible Business Alliance) code of conduct. We also disclose the ethical conduct implementation in our CSR Report every year.</p>	No discrepancy

9. Enforcement of Social Responsibility

Item	Enforcement		
	Yes	No	
<p>1. Implementation of Corporate Governance</p> <p>(1) Does the Company have a corporate social responsibility policy and evaluate its implementation?</p> <p>(2) Does the Company hold regular CSR training?</p> <p>(3) Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?</p> <p>(4) Does the Company set a reasonable compensation policy, integrate employee appraisal with CSR policy,</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		
<p>2. Environmentally Sustainable Development</p> <p>(1) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?</p> <p>(2) Has the Company set an Environmental management system designed to industry characteristics?</p> <p>(3) Does the Company track the impact of climate change on operations, carry out greenhouse gas inventories, and set energy conservation and greenhouse gas reduction strategy</p>	<p>✓</p> <p>✓</p> <p>✓</p>		
<p>3. Promotion of Social Welfare</p> <p>(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p> <p>(2) Has the Company established appropriately managed employee appeal procedures?</p>	<p>✓</p> <p>✓</p>		

	Enforcement	Deviation from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Summary	
	<p>(1) Please refer to “Corporate Sustainability and Social Responsibility Management” section of Wistron Corporate Sustainability Report.</p> <p>(2) To promote social responsibility related training and ensure the implementation on integrity, human rights, people management, and staff communication, etc., Wistron provides periodical courses such as New Employee Orientation, Ethic, New Manager, Coaching for Empowerment, Corporate Culture training.</p> <p>(3) Please refer to “Corporate Sustainability and Social Responsibility Management” section of Wistron Corporate Sustainability Report.</p> <p>(4) Wistron has a clear compensation policy and we ensure all compensation and benefits provided to employees comply with the requirements of laws and regulations, we adopt the policy of same pay for the same work, and prohibit any form of discrimination. Wistron also conducts a salary survey every year and adjusts salaries based on the economy, company operations and personal performance to ensure that employee salaries are fair and in line with market standards. In addition, Wistron establish the Personnel Reward and Punishment Regulation to ensure full implementation of corporate governance.</p>	None
	<p>(1) Please refer to “Implementing Environmental Protection” section of Wistron Corporate Sustainability Report.</p> <p>(2) Please refer to “Implementing Environmental Protection” section of Wistron Corporate Sustainability Report.</p> <p>(3) Please refer to “Gas Emissions Management” section of Wistron Corporate Sustainability Report.</p>	None
	<p>(1) Wistron complies with human rights related international regulations and local policies, and protect employees’ rights and benefits. All the systems within our company is in compliance with local labor laws, and the related procedures are announced to employees on company’s internal website.</p> <p>(2) Wistron has a complaint mechanism, channel, and a handling procedure for all employees. Employees are free to raise compliant and all complaints will be treated sensitively and confidentially.</p>	None

Item	Enforcement		
	Yes	No	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		
(4) Has the Company established a mechanism for regular communication with employees and use reasonable measures to notify employees of operational changes which may cause significant impact to employees?	✓		
(5) Has the Company established effective career development training plans?	✓		
(6) Has the Company set policies and consumer appeal procedures in its R&D, purchasing, production, operations, and service processes?	✓		
(7) Does the Company follow regulations and international standards in the marketing and labelling of its products and services?	✓		
(8) Does the company evaluate environmental and social track records before engaging with potential suppliers?	✓		

Enforcement	Deviation from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
Summary	
<p>(3) Wistron complies with “Occupational Safety and Health Act” and set up medical kits and trained first-aid personnel in all departments, all new employees and employees who changed to specific jobs are required to undergo a 3-hour safety and health trainings. Breastfeeding Rooms are set in the workplace in compliance with “Act of Gender Equality in Employment”. Furthermore, emergency control units and emergency response plan are established to properly handle emergency such as power outage, fire, flood, typhoon, earthquake, injuries which may cause permanent or temporary disability, notifiable disease such as SARS, water pollution or any other emergency event that may endanger lives or cause financial loss or environmental pollution.</p> <p>(4) Company’s information is released via different types of channel including internal routine meetings, intranet, electronic bulletin boards, announcements, regular business information meetings and employee-employer communication meetings, so that employees are able to learn important management-related information.</p> <p>(5) The main direction of Wistron’s training and development program is to integrate business needs with employee career development, and “talent management and development” is always listed as an important management indicator. In this regard, we divide our training program into distinctive categories and manners for employees in different needs, we also work with consultants for many years and conduct programs of individual development plan (IDP) by using core competency approach. After years of implementation, we have nurtured several high-level business talents in each Business unit every year.</p> <p>(6) Wistron is an ODM (original design manufacturer) supplier and do not offer products/services to end user directly, those are all handled by brand customers. As to customer relationship management and complaint channel of suppliers, please refer to “Sustainable Product Design and Development” and “Conflict Minerals and Supply Chain Management” sections of Wistron Corporate Sustainability Report.</p> <p>(7) Please refer to “Sustainable Product Design and Development” section of Wistron Corporate Sustainability Report.</p> <p>(8) We will do vendor survey before we start business with suppliers and the checking item is already included in the survey.</p>	None

Item	Enforcement		
	Yes	No	
(9) Does the Company's contracts with major suppliers include termination clauses if they violate CSR policy and cause significant environmental and social impact?	✓		
4. Enhanced Information Disclosure Does the Company disclose relevant and reliable CSR information on its website and the Taiwan Stock Exchange website?	✓		
5. If the company has established its corporate social responsibility code of practice according to "Listed Companies Corporate Social Responsibility Code of Practice," please describe the operational status and differences. In order to manage economic, environmental and social risks and impact, Wistron has established "Corporate Social Responsibility Best Practice Principles", our daily operations follow the principles below: (1) Exercise corporate governance. (2) Foster a sustainable environment. (3) Preserve social welfare. (4) Enhance disclosure of corporate social responsibility information. Above no discrepancy occurred.			
6. Other important information to facilitate better understanding of the company's implementation of corporate social responsibility: Please refer to Wistron's website for our Corporate Sustainability Report of implementation status: https://www.wistron.com			
7. Other information regarding "Corporate Responsibility Report" which are verified by certification bodies: Wistron's Corporate Sustainability Report followed the Global Reporting Initiative (GRI). The contents of this report have been verified by an independent third party based on the AA1000 standards and comply with GRI standards core level requirements.			

	Enforcement	Deviation from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Summary	
	(9) The purchase contract and RBA (Responsible Business Alliance) Letter of Agreement with suppliers insisted we can cease the purchase contract anytime if there is any violation of the regulations.	None
	Since 2010, Wistron released Corporate Sustainability Report on Wistron website annually.	None

**10. Financial Statements
Consolidated With Subsidiaries
Audited by CPA of 2017**



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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 valued sales return and allowance.

How the matter was addressed in our audit

Our principal audit procedures included testing the Group's controls surrounding the revenue recognition for key manual and systems based controls, tracing general ledger to sales systems and reconciling 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)

10 | Financial Statements Consolidated With Subsidiaries Audited by CPA of 2017

	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													
	Capital stock				Retained earnings			Other equity			Total equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-financial assets	Other unearned compensation for restricted employee share of stock	Treasury stock				
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)	68,715,506	501,707	2,961,101	69,217,213
Net profit	-	-	-	-	2,961,101	2,961,101	-	-	-	-	(2,429,325)	31,903	(1,661)	2,993,004
Other comprehensive income	-	-	-	-	(144,903)	(144,903)	(2,241,318)	(43,104)	-	-	(2,429,325)	(1,661)	(2,429,325)	(2,430,986)
Total comprehensive income	-	-	-	-	2,816,198	2,816,198	(2,241,318)	(43,104)	-	-	(2,284,422)	30,242	(2,429,325)	362,018
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	133,409	-	(133,409)	-	-	-	-	-	-	-	-	-
Reversal at 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	240,202	255,813	-	-	-	-	-	-	-	-	-	-	-	496,015
Changes in equity of associates and joint ventures accounted for using equity method	-	103,833	-	-	(1,739)	(1,739)	-	-	-	-	-	-	-	102,094
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(533,236)	-	-	-	(533,236)
Treasury stock transferred to employees	-	-	-	-	-	-	-	-	-	662,141	-	-	-	669,644
Changes in ownership interests in subsidiaries	-	7,503	-	-	(3,019)	(3,019)	-	-	-	(91,332)	-	-	-	(3,615)
Share-based payment transactions	(18,197)	279,704	-	-	2,035	2,035	-	-	-	-	-	-	-	172,210
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	191,450	-	191,450
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)	67,245,050	723,399	2,961,101	67,968,449
Net profit	-	-	-	-	3,885,516	3,885,516	-	-	-	-	3,885,516	475,975	(1,661)	4,361,491
Other comprehensive income	-	-	-	-	(57,306)	(57,306)	(3,942,392)	(817,990)	-	-	(4,760,382)	(3,385)	(4,817,688)	(4,821,073)
Total comprehensive income	-	-	-	-	3,828,210	3,828,210	(3,942,392)	(817,990)	-	-	(4,760,382)	472,590	(4,817,688)	(4,345,563)
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	380,540	-	-	-	-	-	-	-	-	-	-	-	615,440
Changes in equity of associates and joint ventures accounted for using equity method	-	38,934	-	-	-	-	-	-	-	-	-	-	-	38,934
Treasury stock transferred to employees	-	(23,391)	-	-	(41,924)	(41,924)	-	-	-	839,273	-	-	-	773,958
Changes in ownership interests in subsidiaries	-	953	-	-	(2,904)	(2,904)	-	-	-	-	-	-	-	(1,951)
Share-based payment transactions	(11,727)	325,604	-	-	1,686	1,686	-	-	-	-	-	-	-	429,284
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	98,699	-	98,699
Balance at December 31, 2017	\$ 27,486,880	22,076,225	7,591,125	-	13,735,404	21,326,520	(2,740,965)	(1,269,200)	-	(1,753,005)	65,136,374	1,294,688	65,136,374	66,431,062

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.

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

WISTRON CORPORATION AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

(expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Wistron Corporation (the “Company”). was incorporated on May 30, 2001, as a company limited by shares under the laws of the Republic of China (ROC). In pursuant to a restructuring plan of Acer Inc. (AI) to improve its business performance and competitiveness, the Company was formed to acquire the net assets spun off from AI’s DMS (Design, Manufacturing, and Service products) business.

The Company and its subsidiaries (hereinafter, jointly referred to as the “Group”), are currently engaged in the research, development, design, manufacturing, testing and sales of the following products and semi-finished products, and their peripheral equipment, parts and components:

- (i) desktop computers, notebook computers, motherboards, servers, system platforms, high-speed and multi-function multiple-CPU computer systems, multi-media computers, network computers, consumer-type computers and special computers, micro-processors, CD-ROMs, PDAs, panel PCs, pocket computers and interface cards;
- (ii) video and internet telephones, video conferencing equipment and telecommunication equipment;
- (iii) digital satellite TV receivers, set-top boxes, digital video decoders and multi-media appliance products;
- (iv) digital cameras, CD-ROM drives and DVD-ROM drives;
- (v) wireless receiver products (mobile phones, wireless LAN cards, and Bluetooth communication modules);
- (vi) LCD TVs and other electronic audio & visual products;
- (vii) design and merchandising of computer software and programs;
- (viii) import and export trade relevant to the business of this company;
- (ix) maintenance and cleaning of electronics products;
- (x) recycling of electronic waste;
- (xi) in vitro diagnostic device, physiological signal diagnostic device and medical data system;
- (xii) manufacturing, processing and selling of electronic products for automobile.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors of the Company at the Company on March 13, 2018.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 " Presentation of Financial Statements-Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010 2012 Cycle and 2011 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012 2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The adoption of the above IFRSs did not have any material impact on the accompanying consolidated financial statements.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendment to IFRS 2 "Clarifications and Measurement of Share based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

- (i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

- 1) Classification and measurement of financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

Based on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, investments in debt securities and investments in equity securities that are measured on a fair value basis. As of December 31, 2017, the Group had equity investments classified as available-for-sale-current and non-current with a fair value of \$242,666 and \$2,634,133 and financial assets measured at cost of \$1,545,840 that are held for long-term strategic purposes. At initial application of IFRS 9, the Group has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. In the latter case, all fair value gains and losses would be recognized in profit or loss as they arise, increasing volatility in the Group's profits. The Group estimated the application of IFRS 9's classification requirements on January 1, 2018 resulting in the decrease of \$964,625 and the increase of \$513,453 in other comprehensive income and retained earnings, respectively.

2) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at January 1, 2018.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
 - The designation of certain investments in equity instruments not held for trading as at FVOCI.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework by one single model through five procedures for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the sales of products, revenue is currently recognized based on the individual terms of each sales agreement when (i) related risks and rewards of ownership are transferred (ii) sales and costs can be measured reliably and their recoverability is probable (iii) and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control over the goods. The Group assessed that the point at which the risks and rewards of ownership transfer is when the control of the promised goods and services are transferred to the customers. Based on the analysis, the adoption of IFRS15 would not have any material impact on its consolidated financial statements.

The Group provides warranties for different categories of products. The warranty provision is currently estimated based on the probability of repair or replacement of the products. Under IFRS 15, the warranties are identified either as assurance-type warranties or as service-type warranties. If the the Group provide the service-type warranties, that warranties should be accounted for as a separate performance obligation. The Group identified the warranties as standard and service-type; and therefore it also assessed that they would not have any material impact on its consolidated financial statements.

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

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WISTRON CORPORATION AND ITS SUBSIDIARIES
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Those which may be relevant to The Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	<p>The new standard of accounting for lease is amended as follows:</p> <ul style="list-style-type: none"> • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.
June 7, 2017	IFRIC 23 "Uncertainty over Income Tax Treatments"	<ul style="list-style-type: none"> • In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations. • If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

Issuance / Release Dates	Standards or Interpretations	Content of amendment
February 7, 2018	Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	<p>The amendments clarify that:</p> <ul style="list-style-type: none"> • on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the remainder of the reporting period after the change to the plan; and • the effect of the asset ceiling is disregarded when calculating past service cost and the gain or loss on settlement. Any change in that effect is recognised in other comprehensive income.

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. And the accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC .

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Available-for-sale financial assets are measured at fair value;

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) The defined benefit liabilities (assets) are recognized as the present value of the defined obligation, and the effect of the plan assets celling disclosure in note 4(m) less plan assets.

(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollar, which is the Company's functional currency. All financial information presented in New Taiwan dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

The Group controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

(ii) Losing control of subsidiaries

When the Group loses control of its subsidiaries, the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost will be derecognized and any investment retained in the former subsidiary at its fair value at the date when control is lost will be remeasured in the consolidated financial statement.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

The difference of disposal gain or loss is between the aggregate of (i) the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(iii) List of subsidiaries in the consolidated financial statements

- 1) Subsidiaries which are engaged in research, design, testing, manufacturing and sales of personal computers, servers, multi-media appliance products, telecommunication products, network systems, and medical devices:

Investor	Name of subsidiary	Percentage ownership	
		December 31, 2017	December 31, 2016
the Company	International Standard Labs ("ISL", Taiwan)	100.00	100.00
the Company	Wistron Mexico, S.A. de C.V. ("WMX", Mexico)	100.00	100.00
the Company	Wistron Technology (Malaysia) Sdn. Bhd. ("WMY", Malaysia)	100.00	100.00
the Company	Wistron Mobile Solutions Corporation ("WCH", U.S.A.)	100.00	100.00
the Company	Wistron InfoComm (Czech), s.r.o. ("WCZ", Czech Republic)	100.00	100.00
the Company	Wistron Technology Service (America) Corporation ("WTS", U.S.A.)	100.00	-
the Company/WLB/WCL	Wiwynn Corporation ("WYHQ", Taiwan)	57.08	60.56
Cowin/AIIH	Wistron InfoComm (Zhongshan) Corporation ("WZS", China)	100.00	100.00
AIIH	AII Technology (Zhongshan) Co., Ltd. ("ATZS", China)	(Note 1)	100.00
Win Smart	Wistron InfoComm (Kunshan) Co., Ltd. ("WAKS", China)	100.00	100.00
Win Smart	Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. ("WEKS", China)	100.00	100.00
Win Smart	Wistron InfoComm (Taizhou) Co., Ltd. ("WTZ", China)	100.00	100.00
Win Smart	Wistron InfoComm (CHONGQING) Co., Ltd. ("WCQ", China)	100.00	100.00
Win Smart	Wiwynn Technology Service (Beijing) Limited ("WYBJ", China)	100.00	100.00
Win Smart	Wistron InfoComm Technology Service (Kunshan) Co., Ltd. ("WRKS", China)	100.00	100.00
WSC	Wistron InfoComm (Chengdu) Co., Ltd. ("WCD", China)	100.00	100.00
WDC	Wistron Optronics (Kunshan) Co., Ltd. ("WOK", China)	100.00	100.00
WHHK	Wistron InfoComm (Qingdao) Co., Ltd. ("WQD", China)	100.00	100.00
WVS	Wistron InfoComm Technology (Zhongshan) Co., Ltd. ("WTZS", China)	100.00	100.00
WEH	Polymer Vision B.V. ("WPV", Holland)	100.00	100.00
WCL	Creator Technology B.V. ("WCT", Holland)	100.00	100.00
WYHQ	Wiwynn Technology Service Japan, Inc. ("WYJP", Japan)	57.08	60.56
WYHQ	Wiwynn International Corporation ("WYUDE", U.S.A.)	57.08	60.56
WYHQ	Wiwynn Korea Ltd. ("WYKR", South Korea)	57.08	60.56
WYHQ	WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD. ("WYMY", Malaysia)	57.08	-
WYHK	Wiwynn Technology Service Kunshan, Ltd. ("WYKS", China)	57.08	60.56
WMH	Wistron Medical Technology Corporation ("WMT", Taiwan)	100.00	100.00
WMT	Wistron Medical Tech (Chongqing) Co., Ltd. ("WMCQ", China)	100.00	100.00

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 2) Subsidiaries which are engaged in sale and maintenance of computer products and related parts and components, data storage equipment, and digital monitoring systems:

Investor	Name of subsidiary	Percentage ownership	
		December 31, 2017	December 31, 2016
the Company	Cowin Worldwide Corporation ("Cowin", British Virgin Islands)	100.00	100.00
the Company	All Holding Corporation ("AIH", British Virgin Islands)	100.00	100.00
the Company	SMS InfoComm Corporation ("WTX", U.S.A.)	100.00	100.00
the Company	WiAdvance Technology Corporation ("AGI", Taiwan) (note 2)	99.95	99.95
the Company	Anwith Technology Corporation ("WCHQ", Taiwan)	100.00	100.00
the Company	SMS InfoComm (Singapore) Pte. Ltd. ("WSSG", Singapore)	100.00	100.00
the Company	Service Management Solutions Colombia S.A.S. ("WSCO", Colombia)	100.00	100.00
the Company	Service Management Solutions Mexico SA de C.V. ("WSMX", Mexico)	100.00	100.00
the Company	Wistron InfoComm (Philippines) Corporation ("WPH", Philippines)	100.00	100.00
the Company	ANWITH SERVICE CO., LTD. ("WSTH", Thailand)	100.00	100.00
the Company	Anwith Corporation ("ANC", U.S.A.)	100.00	100.00
the Company	SMS Infocomm Global Service (CQ) ("WSCQ", China)	100.00	100.00
the Company	SMS InfoComm Chile Servicios Limitada ("WSCL", Chile)	100.00	100.00
the Company/AIHH	SMS InfoComm Technology Services and Management Solutions Ltd. ("WBR", Brazil)	100.00	100.00
the Company/WCL	SMS InfoComm Technology Services Limited Company ("WTR", Turkey)	100.00	100.00
WLLC	Wistron InfoComm Technology (America) Corporation ("WITX", U.S.A.)	100.00	100.00
WLLC	Wistron InfoComm Technology (Texas) Corporation ("WITT", U.S.A.)	100.00	100.00
Win Smart	Wistron Service (Kunshan) Corp. ("WSKS", China)	100.00	100.00
Win Smart	Wistron Hong Kong Limited ("WHK", Hong Kong)	100.00	100.00
Win Smart	SMS (Kunshan) Co., Ltd. ("WMKS", China)	100.00	100.00
WDC	Wistron Optronics (Shanghai) Co., Ltd. ("WOSH", China)	100.00	100.00
AIHH	Wistron K.K. ("WJP", Japan)	100.00	100.00
WSSG/WHK	ICT Service Management Solutions (India) Private Limited ("WIN", India)	100.00	100.00
WSSG	SMS INFOCOMM (MALAYSIA) SDN. BHD. ("WSMY", Malaysia)	100.00	100.00
WEH	SMS InfoComm (Czech) s.r.o. ("WSCZ", Czech Republic)	100.00	100.00
WHK	ANWITH (Kunshan) Co., LTD. ("WCKS", China)	100.00	100.00

- 3) Subsidiary which is engaged in software research, development, design, trading and consultation:

Investor	Name of subsidiary	Percentage ownership	
		December 31, 2017	December 31, 2016
AIHH	Wistron InfoComm (Shanghai) Corporation ("WSP", China)	100.00	100.00
WEDH	WIEDU SDN. BHD. ("WEMY", Malaysia)	100.00	100.00

- 4) Subsidiaries engaged in recycling of electronic products:

Investor	Name of subsidiary	Percentage ownership	
		December 31, 2017	December 31, 2016
the Company	Wistron GreenTech (Texas) Corporation ("WGTX", U.S.A.)	100.00	100.00
WGHK	Wistron Advanced Materials (Kunshan) Co., Ltd. ("WGKS", China)	100.00	100.00

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 5) Subsidiaries which engaged in internet platform development, providing and selling application services and consultation.

Investor	Name of subsidiary	Percentage ownership	
		December 31, 2017	December 31, 2016
the Company	WiEdu Hong Kong Limited ("WEHK", Hong Kong)	100.00	81.27
WEHK	WIEDU CORPORATION ("WETW", Taiwan)	100.00	81.27
WEHK	Weshtek Information Technology Services Co., Ltd., Shanghai ("WESH", China)	100.00	81.27

- 6) Investment and holding companies:

Investor	Name of subsidiary	Percentage ownership	
		December 31, 2017	December 31, 2016
the Company	Wise Cap Limited Company ("WCL", Taiwan)	100.00	100.00
the Company	Win Smart Co., Ltd. ("Win Smart", British Virgin Islands)	100.00	100.00
the Company	Wistron LLC ("WLLC", U.S.A.)	100.00	100.00
the Company	WisVision Corporatoin ("WVS", British Virgin Islands)	100.00	100.00
the Company	Wistron Advanced Materials (Hong Kong) Limited ("WGHK", Hong Kong)	100.00	100.00
the Company	WiEDU Holding Co., Ltd ("WEDH", Seychelles)	100.00	100.00
the Company	WiseCap (Hong Kong) Limited ("WCHK", Hong Kong)	100.00	100.00
WCL	LE BEN Investment Ltd ("WLB", Taiwan)	100.00	100.00
the Company/AIHH	Wistron Europe Holding Cooperatie U.A. ("WEH", Holland)	100.00	100.00
AIHH	WinDisplay Corporation ("WDC", British Virgin Islands)	100.00	100.00
Win Smart	Wistron Hong Kong Holding Limited ("WHHK", Hong Kong)	100.00	100.00
WHHK	Wistron Investment (Sichuan) Co., Ltd. ("WSC", China)	100.00	100.00
WYHQ	Wiwynn Technology Service Hong Kong Limited ("WYHK", Hong Kong)	57.08	60.56
the Company	Wistron Medical Tech Holding Company ("WMH", Taiwan)	100.00	100.00
the Company	Wistron Digital Technology Holding Corporation ("WDH", Taiwan)	100.00	100.00

(Note 1) WZS merged with ATZS in the first quarter of 2017. WZS was the surviving company and ATZS had been liquidated.

- (iv) Subsidiaries excluded from consolidated: None.

- (d) Foreign currency

- (i) Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gains or losses on monetary items are the differences between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- available-for-sale equity investment;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to the functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

The entity shall classify an asset as current when:

- (i) It is expected to be realized the asset, or intended to be sold or consumed during the normal operating cycle;

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The entity shall classify all other assets as non-current.

The entity shall classify a liability as current when:

- (i) It is expected to be settled during its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The entity shall classify all other liabilities as non-current.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, and call deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Time deposits meet aforementioned definitions that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash and cash equivalents.

Bank overdraft that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial Instruments

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

(i) Financial assets

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables. Apply to trade date accounting when purchasing or selling financial assets by trade practices.

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets classified as held-for-trading if it is acquired principally for the purpose of selling in the short term.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value subsequently and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss, and are accounted for under other income.

2) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the cumulative gain or loss in equity is reclassified to profit or loss, and it is included in other gains and losses.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in other income.

3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, other than insignificant interest on short-term receivables.

Interest income is recognized into profit or loss, and it is included in other income.

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Impairment of financial assets

Except for financial assets at fair value through profit or loss financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a loss event) that occurred subsequent to the initial recognition of the asset and that a loss event (or events) has an impact on the future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than the one suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for accounts receivable, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment loss was recognized at the reversal date.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES**Notes to the Consolidated Financial Statements**

Impairment losses recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries of accounts receivable are recognized in operating expenses; impairment losses and recoveries of other financial assets are recognized in other gains or losses.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when all the risks and rewards of ownership of the financial assets are substantially transferred.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity-unrealized gains or losses from available for sale financial assets is recognized in profit or loss, under other gains and losses.

On partial derecognition of a financial assets, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available for the sale financial assets is reclassified profit or loss, under other gains and losses.

(ii) Financial liabilities

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance to the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued is recognized as the amount of consideration received less the direct cost of issuing.

Interest related to the financial liability is recognized in profit or loss, under finance costs.

On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or if it is designated as such on initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value subsequently and changes therein, which takes into account any interest expense, are recognized in profit or loss, and are included in finance costs.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, accounts payable and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in finance costs.

4) Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid including any non-cash assets transferred or liabilities assumed is recognized in profit or loss, and are included in other gains and losses.

5) Offsetting of financial assets and liabilities

Financial assets and liabilities on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and included in other gains and losses. When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

For derivatives that are linked to investments in equity instruments that do not have a quoted market price in an active market and must be settled by delivery of such an unquoted equity instrument, those that are classified as financial assets are measured at amortized cost, and included in financial assets measured at cost; and those that are classified as financial liabilities are measured at cost, and included in financial liabilities measured at cost.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

Embedded derivatives are separated from the host contract and accounted for separately when the economic characteristics and risk of the host contract and of the embedded derivatives are not closely related.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group recognizes any changes, proportionately with the shareholding ratio under additional paid in capital, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture. The Group shall measure the retained interest at fair value. The difference between the fair value of retained interest and proceeds from disposal, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group shall account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity shall reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If an entity's ownership interest in an associate or a joint venture is reduced while the entity continues to apply the equity method, the entity shall reclassify the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group shall continue to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

- (j) Property, plant and equipment
 - (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a systematic basis over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings and improvements: 20 to 50 years
- 2) Machinery and equipment: 3 to 10 years
- 3) Molding equipment: 1 year
- 4) Research and development equipment: 3 to 5 years
- 5) Furniture, fixtures and other equipment: 3 to 10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change are accounted for as changes in an accounting estimate.

(k) Lease

(i) Lessor

Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

(ii) Lessee

Leases are operating leases and are not recognized in the Group's non-consolidated balance sheets.

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognized as expense in the periods in which they are incurred.

(l) Intangible assets

(i) Goodwill

1) Initial Recognition

Goodwill which results from purchasing is including in intangible asset.

2) Subsequent Expenditure

Goodwill is measured at cost, less, accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

(ii) Research and development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

- 1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- 2) The intention to complete the intangible asset and use or sell it.
- 3) The ability to use or sell the intangible asset.
- 4) How the intangible asset will generate probable future economic benefits.
- 5) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.
- 6) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets arising from the development phase is measured at cost, less, accumulated amortization or impairment losses.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Other Intangible Assets

Other intangible assets that are acquired by the Group are measured at cost, less, accumulated amortization and any accumulated impairment losses.

(iv) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(v) Amortization

Depreciable amount is the cost of an asset, or other amount substituted for cost, less, its residual values.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- 1) Patents: 3 to 10 years
- 2) Software: 3 to 10 years
- 3) Customer relationships: 5 years

The residual value, the amortization period and the amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each financial year-end. Such change shall be accounted for as changes in accounting estimates.

(m) Impairment-Non-derivative financial assets

The carrying amounts of the Group's non financial assets, other than assets arising from inventories, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount (fair value, less, cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value, less, costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

The Group should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and all possible outcomes weighed by their respective probabilities.

(o) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs), and net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weightage of different types of repurchase.

During the cancellation of treasury shares, capital surplus – share premiums and capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital surplus arising from similar types of treasury shares. If there are insufficient capital surplus to be offset against, then such losses should be accounted for under retained earnings.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Revenue

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) Services

The Group renders repair services. Repair income is recognized when the services are rendered.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. The expense is recognized immediately in profit or loss to the extent that the benefits vest immediately.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains or losses and past service cost that had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligation is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date of share-based payment is the date that the subscription price and shares are authorized by the Board of Directors.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Income Taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
 - 1) levied by the same taxing authority; or
 - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be revaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES**Notes to the Consolidated Financial Statements****(t) Business combination**

Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Group re assesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain for the excess.

All transaction costs relating to a business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

The Group shall measure any non controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other non-controlling interests are evaluated by their fair value or by another basis permitted by the IFRSs endorsed by the FSC.

(u) Earnings per share

The Group discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible notes, employee stock options, unvested restriction stock option, and accrued employee compensation.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses including revenues and expenses relating to transactions with other components of the Group. Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Provision of sales return and allowance

The Group records a provision for estimated future returns and other allowances in the same period the related revenue is recorded. Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience, market and economic conditions, and any other known factors that would significantly affect the allowance. The adequacy of estimations is reviewed periodically. The fierce market competition and evolution of technology could result in significant adjustments to the provision made.

(b) Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(d) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash on hand	\$ 22,976	39,939
Demand and check deposits	47,371,388	45,338,202
Time deposits	<u>21,204,669</u>	<u>13,485,878</u>
Cash and cash equivalents	68,599,033	58,864,019
Bank overdrafts used for cash management purposes	<u>(2,612,916)</u>	<u>(1,302,969)</u>
Cash and cash equivalents in consolidated statement of cash flows	<u><u>\$ 65,986,117</u></u>	<u><u>57,561,050</u></u>

Please refer to note 6(t) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets

(i) Financial assets and liabilities at fair value through profit or loss

1) Financial assets at fair value through profit or loss-current:

	December 31, 2017	December 31, 2016
Foreign currency swap contracts	\$ 5,022	254,515
Foreign currency forward contracts	46,453	4,409
	<u>\$ 51,475</u>	<u>258,924</u>

2) Financial liabilities at fair value through profit or loss-current:

	December 31, 2017	December 31, 2016
Foreign currency swap contracts	\$ 155,740	19,071
Foreign currency forward contracts	66,501	6,059
	<u>\$ 222,241</u>	<u>25,130</u>

Re-measurement at fair value recognized in profit or loss is disclosed in note 6(r).

The Group uses derivative financial instruments to hedge the certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. As of December 31, 2017 and 2016, derivative financial instruments not qualified for hedge accounting were as follows:

1) Foreign currency swap contracts:

December 31, 2017		December 31, 2016	
Amount (in thousands)	Currency	Amount (in thousands)	Currency
-	-	USD 27,000	USD Put /TWD Call
EUR 18,500	EUR Put /USD Call	-	-
USD 1,116,000	TWD Put / USD Call	USD 1,365,000	TWD Put / USD Call
USD 3,400	CNY Put / USD Call	-	-

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Foreign currency forward contracts:

December 31, 2017		December 31, 2016	
Amount (in thousands)	Currency	Amount (in thousands)	Currency
-	-	USD <u>74,000</u>	USD Put /TWD Call
USD <u>91,000</u>	USD Put /CNY Call	USD <u>15,000</u>	USD Put /CNY Call
USD <u>400,000</u>	TWD Put / USD Call	-	-
USD <u>15,000</u>	CNY Put / USD Call	-	-

(ii) Available-for-sale financial assets

1) Available-for-sale financial assets-current:

	December 31, 2017	December 31, 2016
Funds	\$ <u>242,666</u>	<u>756,632</u>

2) Available-for-sale financial assets-non-current:

	December 31, 2017	December 31, 2016
Investment in listed securities:		
Stock listed on domestic markets	\$ 2,004,122	2,228,090
Stock listed on foreign markets	630	485
Investment in unlisted securities:		
Stock unlisted on domestic markets	100,222	108,578
Stock unlisted on foreign markets	<u>529,159</u>	<u>465,567</u>
	<u>\$ 2,634,133</u>	<u>2,802,720</u>

Sensitivity analysis-equity price risk

Equity price change would have the impact on other comprehensive income (after tax) as follows. The basis of analysis used are the same in both periods and assumes that all other variables remain constant.

	2017	2016
<u>Price of securities at reporting date</u>	<u>After-tax other comprehensive income</u>	<u>After-tax other comprehensive income</u>
Increasing 3%	\$ <u>76,322</u>	<u>81,705</u>
Decreasing 3%	\$ <u>(76,322)</u>	<u>(81,705)</u>

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WISTRON CORPORATION AND ITS SUBSIDIARIES
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Gain from disposal of equity investment is disclosed in note 6(s). Gain or loss arising from re-measurement as fair value recognized in other comprehensive income is disclosed in note 6(p).

(iii) Financial assets measured at cost:

	December 31, 2017	December 31, 2016
Stock unlisted on domestic markets	\$ 170,000	170,000
Stock unlisted on foreign markets	634,123	730,872
Others	741,717	638,193
	<u>\$ 1,545,840</u>	<u>1,539,065</u>

(iv) As of December 31, 2017 and 2016, the financial assets were not pledged.

(c) Notes and accounts receivable and other current assets-other receivables

	December 31, 2017	December 31, 2016
Notes receivable	\$ 239,988	2,743
Accounts receivable	95,138,957	90,546,481
Accounts receivable-related parties	51,462	5,769
Other current assets-other receivables	9,777,191	6,103,401
Other receivables-related parties	10,115	4,678
Less: allowance for doubtful accounts	(778,656)	(821,742)
	<u>\$ 104,439,057</u>	<u>95,841,330</u>

The detail of notes and accounts receivable, accounts receivable-related parties, other current assets-other receivables and other receivable-related parties that were past due but not impaired were as follows:

	December 31, 2017	December 31, 2016
Past due 0~30 days	\$ 979,751	2,639,922
Past due 31~60 days	857,426	54,752
Past due 61~90 days	42,831	56,612
Past due 91~120 days	17,877	37,147
Past due over 120 days	194,538	242,422
	<u>\$ 2,092,423</u>	<u>3,030,855</u>

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WISTRON CORPORATION AND ITS SUBSIDIARIES
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The Group believed that the receivables were recoverable basing on the low default rates and analysis of clients' credit rating.

For the years ended December 31, 2017 and 2016, the movements of allowance for doubtful accounts with respect to notes and accounts receivable, accounts receivable-related parties, other current assets-other receivable and other receivable-related parties were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2017	\$ 622,827	198,915	821,742
Impairment loss recognized (reversed)	(43,552)	1,174	(42,378)
Written off unrecoverable amount	(34)	-	(34)
Effect of changes in foreign exchange rates	(674)	-	(674)
Balance at December 31, 2017	<u>\$ 578,567</u>	<u>200,089</u>	<u>778,656</u>
Balance at January 1, 2016	\$ 731,378	23,451	754,829
Effect of changes in consolidated entities	(102,715)	(22,364)	(125,079)
Impairment loss recognized	1,431	198,684	200,115
Written off unrecoverable amount	(1,988)	-	(1,988)
Reclassification	856	(856)	-
Effect of changes in foreign exchange rates	(6,135)	-	(6,135)
Balance at December 31, 2016	<u>\$ 622,827</u>	<u>198,915</u>	<u>821,742</u>

The Group assesses the impairment losses of the notes receivables, accounts receivables, accounts receivables-related parties, other current assets-other receivables and other receivables-related parties both individually and collectively. The Group evaluated the historical trends, recovery terms and the losses of the default possibility of the receivables; and the management of the Group accrued the allowance for doubtful accounts according to current economic condition and credit. Impairment loss recognized for individually assessed is the difference between the carrying amount and the present value of estimated future cash flows. The Group does not hold any collateral for the collectible amounts.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
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As of December 31, 2017 and 2016, the factored accounts receivable that conformed to the derecognition criteria were as follows:

Unit: USD in thousands

December 31, 2017					
Factored amount	Factoring credit limit	Advance amount	Collateral	Important derecognition clause	Derecognized amount
\$ 3,251,055	6,077,003	3,105,943	691,000	Without recourse	3,151,082
December 31, 2016					
Factored amount	Factoring credit limit	Advance amount	Collateral	Important derecognition clause	Derecognized amount
\$ 2,972,929	3,003,054	2,585,339	1,321,000	Without recourse	2,656,909

The abovementioned factorings of accounts receivable to banks are recognized when the ownership and the significant risks of the factored accounts receivable are transferred. As of December 31, 2017 and 2016, included among the factored accounts receivable were accounts receivable of \$1,347,309 and \$2,310,208 respectively, which were yet to be factored by banks since the ownership and the significant risks were not transferred, therefore, they were included in "Other current assets" in the accompanying balance sheets.

For the years ended December 31, 2017 and 2016, the average annual interest rates on factored accounts receivable were 1.38%~2.96% to and 1.10%~2.28%, respectively.

As of December 31, 2017 and 2016, the notes and accounts receivable were not pledged.

(d) Inventories

	December 31, 2017	December 31, 2016
Raw materials	\$ 34,875,628	25,107,842
Work in progress	4,133,704	6,156,413
Finished goods	41,300,500	23,709,456
Inventory in transit	11,930,790	10,242,568
	\$ 92,240,622	65,216,279

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WISTRON CORPORATION AND ITS SUBSIDIARIES
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For the years ended December 31, 2017 and 2016, the details of cost of sales were as follows:

	<u>2017</u>	<u>2016</u>
Cost of goods sold	\$ 799,235,094	620,943,306
Loss on valuation of inventories and obsolescence and scrap loss	4,435,042	6,515,136
Gain on physical inventory	(20,587)	(12,161)
Gain from sale of scraps	(143,089)	(148,665)
Unallocated manufacturing overhead	<u>935,160</u>	<u>966,098</u>
	<u><u>\$ 804,441,620</u></u>	<u><u>628,263,714</u></u>

For the year ended December 31, 2017 and 2016, the inventories were not pledged.

(e) Equity-accounted investees

As of December 31, 2017 and 2016, the components of investments accounted for using the equity method were as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Associates	<u>\$ 6,120,725</u>	<u>5,928,289</u>

(i) As of December 31, 2017 and 2016, the fair value of investments in associates of the Group for which there are public price quotations were as follows:

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
WNC	\$ 3,543,154	7,742,970	3,314,100	7,589,747
AOI	-	-	134,598	151,915
WITS	275,015	346,180	265,640	282,327
Formosa Prosonic Industries Berhad	<u>421,313</u>	<u>876,216</u>	<u>369,459</u>	<u>433,429</u>
	<u>\$ 4,239,482</u>	<u>8,965,366</u>	<u>4,083,797</u>	<u>8,457,418</u>

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WISTRON CORPORATION AND ITS SUBSIDIARIES
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- (ii) For the years ended December 31, 2017 and 2016, the recognized share of profits and other comprehensive income of associates were as follows:

	<u>2017</u>	<u>2016</u>
Attributable to the Group:		
Net profit (loss)	\$ 307,854	(70,420)
Other comprehensive income	<u>(84,862)</u>	<u>(150,702)</u>
Comprehensive income	<u>\$ 222,992</u>	<u>(221,122)</u>

- (iii) The financial information for associates was as follows (before being adjusted to the Group's proportionate share):

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Total assets	\$ <u>47,045,787</u>	<u>49,744,657</u>
Total liabilities	\$ <u>24,326,511</u>	<u>27,425,778</u>
	<u>2017</u>	<u>2016</u>
Revenue	\$ <u>71,658,034</u>	<u>71,642,952</u>
Profit	\$ <u>1,551,006</u>	<u>1,060,319</u>

- (iv) Collateral

As of December 31, 2017 and 2016 the investments in aforementioned equity-accounted investees were not pledged as collateral.

- (f) Losing control of subsidiary

The Group did not take part in the issuance of common stock for cash of JLH at the first quarter of 2016. Therefore, the Group's ownership percentage was reduced to lower than 50%, and the Group lost its control over JLH. JLH and its subsidiary, JLKS, were not included in the consolidated entities starting from March 11, 2016. There were no differences between the disposal amount and the book value.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2017 and 2016, were as follows:

	<u>Land</u>	<u>Building and improvements</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Research and development equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:								
Balance at January 1, 2017	\$ 3,391,533	26,574,456	20,555,338	13,038,059	2,653,969	2,348,043	9,572,190	78,133,588
Additions	131,053	481,785	4,100,883	447,252	143,367	266,229	1,841,141	7,411,710
Reclassification (Note)	-	2,740,596	1,804,471	501,701	387	20,148	(2,460,397)	2,606,906
Reclassified as expense	-	(3,264)	(1,012)	(2,351)	(7)	-	472	(6,162)
Disposals	-	(252,864)	(1,834,065)	(187,404)	(6,054)	(96,498)	(704,549)	(3,081,434)
Effect of changes in foreign exchange rates	(28,639)	(1,693,801)	(1,485,431)	(35,661)	(39,339)	(90,249)	(568,641)	(3,941,761)
Balance at December 31, 2017	<u>\$ 3,493,947</u>	<u>27,846,908</u>	<u>23,140,184</u>	<u>13,761,596</u>	<u>2,752,323</u>	<u>2,447,673</u>	<u>7,680,216</u>	<u>81,122,847</u>
Balance at January 1, 2016	\$ 3,395,392	27,013,994	19,175,854	15,215,794	2,732,089	2,353,700	8,232,764	78,119,587
Effect of changes in consolidated entities	-	-	(36,865)	-	-	(10,484)	(29,614)	(76,963)
Additions	-	80,458	3,366,372	442,564	130,311	103,170	2,370,222	6,493,097
Reclassification (Note)	-	296,071	737,660	927,177	15,766	(2,151)	(157,147)	1,817,376
Reclassified as expense	-	-	-	(118)	-	(307)	(86)	(511)
Disposals	-	(108,818)	(2,162,630)	(3,546,739)	(201,464)	(57,814)	(618,603)	(6,696,068)
Effect of changes in foreign exchange rates	(3,859)	(707,249)	(525,053)	(619)	(22,733)	(38,071)	(225,346)	(1,522,930)
Balance at December 31, 2016	<u>\$ 3,391,533</u>	<u>26,574,456</u>	<u>20,555,338</u>	<u>13,038,059</u>	<u>2,653,969</u>	<u>2,348,043</u>	<u>9,572,190</u>	<u>78,133,588</u>
Accumulated depreciation:								
Balance at January 1, 2017	\$ -	9,388,686	10,973,861	12,230,148	2,079,961	1,917,677	5,095,079	41,685,412
Depreciation	-	1,622,117	3,296,817	1,218,771	307,828	219,109	927,938	7,592,580
Reclassification (Note)	-	-	(55,347)	-	-	-	-	(55,347)
Impairment loss	-	-	(83,805)	-	-	-	-	(83,805)
Disposals	-	(252,747)	(1,689,197)	(187,404)	(3,792)	(94,053)	(654,879)	(2,882,072)
Effect of changes in foreign exchange rates	-	(622,487)	(764,617)	(15,084)	(27,523)	(68,928)	(288,632)	(1,787,271)
Balance at December 31, 2017	<u>\$ -</u>	<u>10,135,569</u>	<u>11,677,712</u>	<u>13,246,431</u>	<u>2,356,474</u>	<u>1,973,805</u>	<u>5,079,506</u>	<u>44,469,497</u>
Balance at January 1, 2016	\$ -	8,018,650	9,627,669	14,424,561	1,984,695	1,750,882	4,636,383	40,442,840
Effect of changes in consolidated entities	-	-	(17,242)	-	-	(7,070)	(17,336)	(41,648)
Depreciation	-	1,600,176	3,120,020	1,352,559	316,223	252,778	1,015,658	7,657,414
Reclassification (Note)	-	(145)	(24,755)	-	(5,847)	4	30,708	(35)
Impairment loss	-	-	101,583	-	-	-	-	101,583
Disposals	-	(14,381)	(1,594,685)	(3,546,677)	(203,705)	(52,073)	(448,705)	(5,860,226)
Effect of changes in foreign exchange rates	-	(215,614)	(238,729)	(295)	(11,405)	(26,844)	(121,629)	(614,516)
Balance at December 31, 2016	<u>\$ -</u>	<u>9,388,686</u>	<u>10,973,861</u>	<u>12,230,148</u>	<u>2,079,961</u>	<u>1,917,677</u>	<u>5,095,079</u>	<u>41,685,412</u>
Carrying value:								
Balance at December 31, 2017	<u>\$ 3,493,947</u>	<u>17,711,339</u>	<u>11,462,472</u>	<u>515,165</u>	<u>395,849</u>	<u>473,868</u>	<u>2,600,710</u>	<u>36,653,350</u>
Balance at December 31, 2016	<u>\$ 3,391,533</u>	<u>17,185,770</u>	<u>9,581,477</u>	<u>807,911</u>	<u>574,008</u>	<u>430,366</u>	<u>4,477,111</u>	<u>36,448,176</u>
Balance at January 1, 2016	<u>\$ 3,395,392</u>	<u>18,995,344</u>	<u>9,548,185</u>	<u>791,233</u>	<u>747,394</u>	<u>602,818</u>	<u>3,596,381</u>	<u>37,676,747</u>

(Note): The reclassifications are mainly transferring from other non-current assets-advance payment for equipment and other assets and reclassifying to expense, respectively.

During the years ended December 31, 2017 and 2016, the Group disposed the building and improvements and equipments. The amounts of the proceeds of the above-mentioned assets are \$118,694 and \$452,293, the book values are \$199,362 and \$835,842, respectively, and resulting in the loss on disposal of property, plant and equipment, \$80,668 and \$383,549, accounted for under other gains and losses.

Please refer to note 8 for the detail of the property, plant and equipment pledged as collateral as of December 31, 2017 and 2016.

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WISTRON CORPORATION AND ITS SUBSIDIARIES

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(h) Intangible assets

The cost and accumulated amortization of the intangible assets for the years ended December 31, 2017 and 2016, were as follows:

	<u>Patent</u>	<u>Goodwill</u>	<u>Software</u>	<u>Customer relationships</u>	<u>Expertise</u>	<u>Other</u>	<u>Total</u>
Costs:							
Balance at January 1, 2017	\$ 1,074,860	561,485	2,070,952	264,800	75,162	-	4,047,259
Amortization	-	-	126,329	-	337	-	126,666
Disposals	-	-	(2,982)	-	(897)	-	(3,879)
Effect of changes in foreign exchange rates	2,122	-	(6,819)	-	(5,290)	-	(9,987)
Balance at December 31, 2017	<u>\$ 1,076,982</u>	<u>561,485</u>	<u>2,187,480</u>	<u>264,800</u>	<u>69,312</u>	<u>-</u>	<u>4,160,059</u>
Balance at January 1, 2016	\$ 1,156,524	765,079	2,008,313	531,516	143,463	2,407	4,607,302
Effect of changes in consolidated entities (Note 1)	-	(224,146)	(7,155)	(266,716)	(72,474)	(2,407)	(572,898)
Additions	248,383	-	188,686	-	5,944	-	443,013
Disposals	(230,672)	-	(31,264)	-	(73)	-	(262,009)
Reclassification (Note 2)	(90,899)	-	(82,528)	-	-	-	(173,427)
Effect of changes in foreign exchange rates	(8,476)	20,552	(5,100)	-	(1,698)	-	5,278
Balance at December 31, 2016	<u>\$ 1,074,860</u>	<u>561,485</u>	<u>2,070,952</u>	<u>264,800</u>	<u>75,162</u>	<u>-</u>	<u>4,047,259</u>
Accumulated amortization:							
Balance at January 1, 2017	\$ 766,578	-	1,749,342	264,800	19,074	-	2,799,794
Amortization	88,027	-	218,045	-	9,137	-	315,209
Disposals	-	-	(2,940)	-	(897)	-	(3,837)
Effect of changes in consolidated entities (Note 1)	(876)	-	(6,447)	-	(1,408)	-	(8,731)
Balance at December 31, 2017	<u>\$ 853,729</u>	<u>-</u>	<u>1,958,000</u>	<u>264,800</u>	<u>25,906</u>	<u>-</u>	<u>3,102,435</u>
Balance at January 1, 2016	\$ 778,046	-	1,538,013	264,800	9,658	-	2,590,517
Effect of changes in consolidated entities (Note 1)	-	-	(1,641)	-	-	-	(1,641)
Amortization	93,343	-	289,035	-	9,729	-	392,107
Disposals	-	-	(41,548)	-	(73)	-	(41,621)
Reclassification (note 2)	(104,043)	-	(32,604)	-	-	-	(136,647)
Effect of changes in foreign exchange rates	(768)	-	(1,913)	-	(240)	-	(2,921)
Balance at December 31, 2016	<u>\$ 766,578</u>	<u>-</u>	<u>1,749,342</u>	<u>264,800</u>	<u>19,074</u>	<u>-</u>	<u>2,799,794</u>
Carrying value :							
Balance at December 31, 2017	<u>\$ 223,253</u>	<u>561,485</u>	<u>229,480</u>	<u>-</u>	<u>43,406</u>	<u>-</u>	<u>1,057,624</u>
Balance at December 31, 2016	<u>\$ 308,282</u>	<u>561,485</u>	<u>321,610</u>	<u>-</u>	<u>56,088</u>	<u>-</u>	<u>1,247,465</u>
Balance at January 1, 2016	<u>\$ 378,478</u>	<u>765,079</u>	<u>470,300</u>	<u>266,716</u>	<u>133,805</u>	<u>2,407</u>	<u>2,016,785</u>

(Note 1): The Group acquired the goodwill and other intangible assets arising from obtaining control over JLH, and the disposal of the above-mentioned assets in 2016. Please refer to Note 6(f) for details regarding losing control over subsidiary.

(Note 2): Reclassifications are mainly transferring to property, plant and equipment and expense.

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(i) Amortization

For the years ended December 31, 2017 and 2016, the amortizations of intangible assets recognized in comprehensive income were as follows:

	<u>2017</u>	<u>2016</u>
Cost of sales	\$ 10,889	8,044
Operating expense	<u>304,320</u>	<u>384,063</u>
	<u>\$ 315,209</u>	<u>392,107</u>

(ii) Impairment testing for cash-generating units containing goodwill

- 1) Goodwill has been allocated to the operating units for the Group's impairment testing purpose. The units are the minimum level for the Group to goodwill, and its level is not higher than Group's operating segments.

The carrying amounts of goodwill were as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Developing and manufacturing services cash-generating units	<u>\$ 561,485</u>	<u>561,485</u>

- 2) The recoverable amount of developing and manufacturing services cash generating units is in the basis of the value-in-use. The value-in-use is determined by the discounted future cash flow generated in assumption of using the units continuously. The key assumption used in the calculation of the value-in-use containing goodwill were as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Revenue growth rate	20 %	8 %
After-tax discount rate	5.68 %	7.62 %

The value of key assumptions represents the future trending assessment which the management concerns for its industry. Both external and internal history information is its concern. There was no impairment as of December 31, 2017 and 2016.

(iii) Collateral

As of December 31, 2017 and 2016, the intangible assets were not pledged as collateral.

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(i) Other current assets and non-current assets

	December 31, 2017	December 31, 2016
Other current assets:		
Other receivables	\$ 9,777,191	6,103,401
Prepaid royalties	513,096	419,782
Other prepayments	1,730,284	1,934,911
Tax refundables	3,523,189	2,005,006
Others	185,034	243,217
	\$ 15,728,794	10,706,317
	December 31, 2017	December 31, 2016
Other non-current assets:		
Advance payment for equipments	\$ 735,258	1,318,657
Prepaid rent	2,110,887	1,883,513
Refundable deposits	244,918	348,603
Others	431,551	590,934
	\$ 3,522,614	4,141,707

(j) Bank loans

(i) Short-term loans

December 31, 2017				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	1.65%~4.21%	2018/1/2~2018/6/26	\$ 81,918,430
Unsecured bank loans	JPY	0.31%~0.67%	2018/1/15~2018/3/31	496,052
Unsecured bank loans	CNY	4.35%	2018/1/31	137,199
Unsecured bank loans	NTD	1.41%	2018/6/27	43,000
Total				\$ 82,594,681
Unused credit line				\$ 92,557,709
December 31, 2016				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	1.06%~2.54%	2017/1/3~2017/11/30	\$ 42,401,118
Unsecured bank loans	CNY	3.92%	2017/1/17~2017/3/13	1,396,050
Unsecured bank loans	JPY	0.32%~0.77%	2017/1/30~2017/8/1	524,020
Unsecured bank loans	EUR	0.70%	2017/1/11	441,071
Total				\$ 44,762,259
Unused credit line				\$ 149,970,399

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Long-term loans

December 31, 2017				
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank loans	USD	1.89%~2.74%	2018/9/22~2019/1/26	\$ 8,792,276
Unsecured bank loans	NTD	1.15%	2018/3/26 (Note)	<u>75,000</u>
Subtotal				8,867,276
Less: current portion				<u>(8,133,960)</u>
Total				<u>\$ 733,316</u>
Unused credit line				<u>\$ 2,230,944</u>
December 31, 2016				
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank loans	USD	1.05%~2.18%	2017/1/12~2018/10/30	\$ 12,783,880
Unsecured bank loans	NTD	1.15%	2017/3/26~2018/3/26	<u>225,000</u>
Subtotal				13,008,880
Less: current portion				<u>(1,441,160)</u>
Total				<u>\$ 11,567,720</u>
Unused credit line				<u>\$ 919,607</u>

(iii) Breach of covenant

According to the Group's credit loan facility agreement with the banks, during the credit term, the Group is committed to maintain the financial ratios. If a breach of covenant occurs, the Group's credit facility is immediately restricted. And without the consent of authorized banks, the credit facility is no longer available for the Group. The Group was in compliance with the above financial covenants as of December 31, 2017 and 2016.

(iv) The interest expense for long-term and short-term loans for the year end December 31, 2017 and 2016 were disclosed in note 6(r).

(v) For the collateral for bank loans, please refer to note 8.

(k) Provisions

(i) Provisions for warranty

	<u>2017</u>	<u>2016</u>
Balance at January 1	\$ 2,140,679	2,084,500
Provision made	1,752,063	1,947,384
Provision used	(1,950,111)	(1,858,786)
Effect of changes in foreign exchange rates	<u>(2,045)</u>	<u>(32,419)</u>
Balance at December 31	<u>\$ 1,940,586</u>	<u>2,140,679</u>

The provision of warranty mainly relates to the selling of electronic products. The provision for warranties represents the estimate basing on historical warranty trends of business, the return of damage products and the warranty term. The Group estimates that the warranty usually occurs in three to six months after sales.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
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(ii) Provision of sales return and allowance

	<u>2017</u>	<u>2016</u>
Balance at January 1	\$ 4,918,511	3,307,116
Accrual	789,915	5,096,813
Payment	<u>(1,810,788)</u>	<u>(3,485,418)</u>
Balance at December 31	<u><u>\$ 3,897,638</u></u>	<u><u>4,918,511</u></u>

(l) Operating leases

(i) Lessee

Rentals payable of non-cancellable operating lease were as follows:

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Less than one year	\$ 523,802	424,330
Between one and five years	1,091,656	933,351
More than five years	<u>144,825</u>	<u>46,128</u>
	<u><u>\$ 1,760,283</u></u>	<u><u>1,403,809</u></u>

The Group leases land, a number of offices, warehouse and factory facilities under operating leases. The leases typically run for a period of 1 to 13 years.

For the years ended December 31, 2017 and 2016, expenses recognized in profit or loss in respect of operating leases, were \$974,072 and \$1,048,899, respectively.

(ii) Lessor

The Group leases a number of office, warehouse and factory facilities under operating leases. The leases typically run for a period of 1 year. For the years ended December 31, 2017 and 2016 lease income recognized in profit or loss, were \$98,366 and \$124,655, respectively. The future minimum income under non-cancellable lease are as follows:

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Less than one year	\$ 1,452	41,457
Between one and five years	<u>330</u>	<u>-</u>
	<u><u>\$ 1,782</u></u>	<u><u>41,457</u></u>

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(m) Employee benefits

(i) Defined benefit plans

The movements in the present value of the defined benefit obligations and net defined benefit assets and liabilities were as follows:

	December 31, 2017	December 31, 2016
Present value of defined benefit obligations	\$ 6,821	10,039
Fair value of plan assets	(7,951)	(10,246)
	(1,130)	(207)
 The effect of limiting net defined benefit assets to the asset ceiling	 -	 -
Net defined benefit assets (accounted for under "Other non-current assets")	\$ (1,130)	(207)
	 December 31, 2017	 December 31, 2016
Present value of defined benefit obligations	\$ 2,010,098	1,909,667
Fair value of plan assets	(918,855)	(906,219)
	1,091,243	1,003,448
 The effect of limiting net defined benefit assets to the asset ceiling	 -	 -
Net defined benefit liabilities (accounted for under "Other non-current liabilities")	\$ 1,091,243	1,003,448

The domestic entities of the Group make defined benefit plans contributions to the pension fund account to Bank of Taiwan and Taipei Fubon commercial bank that provide pension for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years or service and average monthly salary for the six months prior to retirement.

The foreign entities of the Group, WPH and WJP, adopted defined benefit plans.

1) Composition of plan assets

The domestic entities of the Group allocate pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The foreign entities of the Group, make defined benefit plans contributions to the pension fund in accordance with the local regulations.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's labor pension reserve account balance amounted to \$926,806 and \$916,465 as of December 31, 2017 and 2016. The utilization of the labor pension fund assets of the domestic entities of the Group includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

- 2) The movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations were as follows:

	<u>2017</u>	<u>2016</u>
Balance at January 1	\$ 1,919,706	1,813,307
Current service cost and interests	56,130	56,521
Benefit paid by the plan	(59,872)	(115,357)
Benefit paid by the Company	(4,796)	(4,880)
Net remeasurements of defined benefit liability		
— Actuarial losses arising from changes in financial assumptions	127,319	116,983
— Experience adjustments	(62,628)	44,921
Effect of employee transfer	43,765	-
Prior service cost	-	9,795
Effect of change in foreign exchange rates	<u>(2,705)</u>	<u>(1,584)</u>
Balance at December 31	<u>\$ 2,016,919</u>	<u>1,919,706</u>

- 3) The movements in the fair value of the plan assets

The movements in the fair value of an employee benefit plan were as follows:

	<u>2017</u>	<u>2016</u>
Fair value of plan assets at January 1	\$ 916,465	758,552
Contribution from plan participants	62,258	267,418
Benefit paid by the plan	(59,872)	(115,357)
Expected return on plan assets	12,595	14,202
Net remeasurements of defined benefit liability (asset)		
— Return on plan assets	<u>(4,640)</u>	<u>(8,350)</u>
Balance at December 31	<u>\$ 926,806</u>	<u>916,465</u>

- 4) The movements in effect of limiting net defined benefit assets to the asset ceiling

As of December 31, 2017 and 2016, there is no change in effect of limiting net defined benefit assets to the asset ceiling.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2017 and 2016, were as follow:

	<u>2017</u>	<u>2016</u>
Current service cost	\$ 29,120	21,978
Net interest on the net defined benefit liability	27,010	34,543
Net remeasurements of defined benefit liability (asset)		
— Return on plan assets	(4,640)	(8,350)
Actual return on plan assets	(7,955)	(5,852)
Prior service cost	-	9,795
	<u>\$ 43,535</u>	<u>52,114</u>
	<u>2017</u>	<u>2016</u>
Cost of sales	\$ 7,362	7,116
Selling expenses	8,520	17,799
Administrative expenses	6,133	5,966
Research and development expenses	21,520	21,233
	<u>\$ 43,535</u>	<u>52,114</u>

6) The remeasurements of the net defined benefit liability recognized in other comprehensive income

As of December 31, 2017 and 2016, the Group's remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

	<u>2017</u>	<u>2016</u>
Balance as of January 1	\$ 308,684	138,430
Recognized during the year	69,331	170,254
Balance as of December 31	<u>\$ 378,015</u>	<u>308,684</u>

7) Actuarial assumptions

The Group's principal actuarial assumptions at the reporting date are as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Discount rate	1.375%~6.0%	1.375%~5.700%
Future salary increases	1.350%~5.0%	0.900%~5%

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after December 31, 2017 is \$39,222. The weighted average lifetime of the defined benefits plans is 15.00~18.26 years.

8) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation:

	Effects to the defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2017		
Discount rate	\$ (60,410)	62,957
Future salary increases	60,972	(58,838)
December 31, 2016		
Discount rate	(60,827)	63,492
Future salary increases	61,410	(59,159)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

(ii) Defined contribution plans

The domestic entities of the Group set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The domestic Group entities set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

The foreign entities of the Group are in accordance with local regulations.

The Group set aside \$436,189 and \$424,647 of the pension costs to the Bureau of Labor Insurance for the years ended December 31, 2017 and 2016, respectively.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Income Taxes

(i) Income tax expense

The components of income tax expense for the years ended December 31, 2017 and 2016, were as follows:

	<u>2017</u>	<u>2016</u>
Current tax expense		
Current period	\$ 1,566,967	1,848,895
Prior period adjustments	<u>339,684</u>	<u>547,786</u>
	<u>1,906,651</u>	<u>2,396,681</u>
Deferred tax benefit		
Origination and reversal of temporary difference	<u>(109,731)</u>	<u>(632,585)</u>
Income tax expense	<u>\$ 1,796,920</u>	<u>1,764,096</u>

(ii) The amounts of income tax benefit recognized in other comprehensive income for the years ended December 31, 2017 and 2016, were as follows:

	<u>2017</u>	<u>2016</u>
Items that may not be reclassified to profit or loss subsequently:		
Remeasurements of the net defined benefit liability	<u>\$ (11,929)</u>	<u>(29,005)</u>
Items that may be reclassified to profit or loss subsequently:		
Exchange differences on translation of foreign financial statements	\$ (282)	(900)
Unrealized losses on available-for-sale financial assets	<u>(89,809)</u>	<u>(29,825)</u>
	<u>\$ (90,091)</u>	<u>(30,725)</u>

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) The reconciliation of income tax expense and profit before tax for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Profit before tax	\$ 6,158,411	4,757,100
Estimated income tax calculated based on the Company's statutory tax rate	1,046,930	808,707
Tax effects of different tax rates applicable in foreign jurisdiction	481,586	(238,882)
10% surtax on undistributed earnings	5,806	5,695
Non-deductible expense and loss	25,039	45,911
Tax-exempt income	(692,954)	(185,525)
Investment tax credits	(100,000)	(170,000)
Current-year losses for which no deferred tax asset was recognized	756,097	352,398
Change in unrecognized deductible temporary differences	(451,115)	538,499
Prior-period tax adjustments	339,684	547,786
Others	385,847	59,507
	\$ 1,796,920	1,764,096

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liability

Deferred tax assets have not been recognized in respect of the following items.

	December 31, 2017	December 31, 2016
Unused tax losses carryforwards	\$ 1,811,104	1,055,007
Deductible temporary differences	787,870	726,985
	\$ 2,598,974	1,781,992

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

According to the Income Tax Act, the operating loss as examined and assessed by the local tax authorities can be carried forward for use as a deduction from taxable income over a period of prior years. As of December 31, 2017, the Group's recognized and unrecognized deferred tax assets resulted from loss carryforwards and the expiry year were as follows:

<u>Expiry year</u>	<u>Recognized unutilized deferred tax assets</u>	<u>Unrecognized unutilized deferred tax assets</u>	<u>Total</u>
2018	\$ 22,018	280,581	302,599
2019	387,693	374,232	761,925
2020	136,767	338,353	475,120
2021	42,055	359,138	401,193
2022	18,140	272,001	290,141
2023	-	220	220
2024	23,862	17,581	41,443
2025	11,919	36,502	48,421
2026	30,364	-	30,364
After 2027	<u>238,035</u>	<u>132,496</u>	<u>370,531</u>
	<u>\$ 910,853</u>	<u>1,811,104</u>	<u>2,721,957</u>

2) Unrecognized deferred tax assets and liabilities on investment

As of December 31, 2017 and 2016, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax assets and liabilities as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
The temporary differences associated with investment in subsidiaries (tax amount):		
Unrecognized deferred tax assets	\$ <u>514,333</u>	<u>457,160</u>
Unrecognized deferred tax liabilities	\$ <u>1,348,794</u>	<u>836,794</u>

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Recognized share of losses of subsidiaries and associates accounted for equity method	Unrealized exchange loss	Provision for warranty	Unrealized sales returns and allowance	Loss carryforwards	Tax difference arising from depreciation of property, plant and equipment	Other	Total
Deferred tax assets:								
Balance at January 1, 2017	\$ 331,991	36,876	363,315	998,407	1,571,744	730,550	958,522	4,991,405
Recognized in profit or loss	15,750	859,047	(40,355)	(266,794)	(660,891)	(24,424)	(62,042)	(179,709)
Recognized in other comprehensive income	-	-	-	-	-	-	101,738	101,738
Balance at December 31, 2017	<u>\$ 347,741</u>	<u>895,923</u>	<u>322,960</u>	<u>731,613</u>	<u>910,853</u>	<u>706,126</u>	<u>998,218</u>	<u>4,913,434</u>
Balance at January 1, 2016	\$ 422,723	568,803	342,599	562,192	1,873,213	777,709	913,793	5,461,032
Recognized in profit or loss	(90,732)	(531,927)	20,716	436,215	(301,469)	(47,159)	(14,101)	(528,457)
Recognized in other comprehensive income	-	-	-	-	-	-	58,830	58,830
Balance at December 31, 2016	<u>\$ 331,991</u>	<u>36,876</u>	<u>363,315</u>	<u>998,407</u>	<u>1,571,744</u>	<u>730,550</u>	<u>958,522</u>	<u>4,991,405</u>
Deferred income tax liabilities:								
		Recognized share of gain of subsidiaries and associates accounted for equity method		Other		Total		
Balance at January 1, 2017	\$		3,511,376		234,882	3,746,258		
Recognized in profit or loss			(229,918)		(59,522)	(289,440)		
Recognized in other comprehensive income			-		(282)	(282)		
Balance at December 31, 2017	<u>\$</u>		<u>3,281,458</u>		<u>175,078</u>	<u>3,456,536</u>		
Balance at January 1, 2016	\$		4,507,292		400,908	4,908,200		
Recognized in profit or loss			(995,916)		(165,126)	(1,161,042)		
Recognized in other comprehensive income			-		(900)	(900)		
Balance at December 31, 2016	<u>\$</u>		<u>3,511,376</u>		<u>234,882</u>	<u>3,746,258</u>		

4) The Company's tax returns for the years through 2015 were examined and approved by the Taiwan National Tax Administration.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Integrated income tax information

As of December 31, 2017 and 2016, the Company's integrated income tax information was as follows:

	December 31, 2017	December 31, 2016
Unappropriated earnings, from January 1, 1998	Note	\$ <u><u>14,049,157</u></u>
Balance of deductible tax account	Note	\$ <u><u>3,867,067</u></u>
	<u>2017(estimated)</u>	<u>2016(actual)</u>
Creditable ratio for earnings distribution to domestic stockholders	Note	<u><u>31.99%</u></u>

The Company's income tax and imputation tax credit are in compliance with Decree No. 10204562810 issued by the Ministry of Finance on October 17, 2013. Starting from January 1, 2015, the deductible tax amount of an individual shareholder residing in the territory of R.O.C. is calculated by 50% of its original tax deduction ratio. However, in case that the gross dividends or the gross earnings received by the shareholder residing outside the territory of R.O.C. contain any income subject to a 10% surcharge of a profit-seeking income tax which was actually paid under the provisions of Article 66-9 hereof, half of the amount of the surcharged profit-seeking income tax may be offset against the amount of income tax which should be withheld from the payment of the net amount of such dividends or earnings.

Note: According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, effective January 1, 2018, companies will no longer be required to establish, record, calculate, and distribute their ICA due to the abolishment of the imputation tax system.

6) Appeals for administrative remedies

- a) For 2011, the tax authorities assessed the Company for an additional income tax of \$409,169, as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investments credits. However, the Company disagreed with the authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2011 income tax returns. The tax authorities adjudicated to return income tax for \$6,650 in March, 2016. As of December 31, 2017, the appeal of aforementioned returns was still in progress.
- b) In 2012 and 2013, the Company disagreed with the assessment made by the tax authorities and filed an appeal for reassessment, which have been granted by the court. The said cases have been closed in December and September, 2017. Therefore, the final amount decided by the tax authorities were recognized as current tax expense.

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WISTRON CORPORATION AND ITS SUBSIDIARIES**Notes to the Consolidated Financial Statements**

- c) For 2014, the tax authorities assessed that the Company for an additional income tax of \$509,270, after reducing some of the Company's amortization expense and disclaiming some of the Company's investment credits. However, the Company disagreed with the authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2014 income tax returns. As of December 31, 2017, the appeal of aforementioned returns was still in progress.

(o) Capital and Other Equities

As of December 31, 2017 and 2016, the Company's authorized common stock consisted of 4,000,000,000 and 4,000,000,000 shares, respectively, with a par value of \$10 per share, of which 2,748,688,000 shares and 2,650,316,000 shares, respectively, were issued and outstanding.

(i) Capital

On March 20, 2017, the Company's Board of Directors approved a resolution to distribute the employee remuneration amounting to \$615,440, consisting of 23,490,000 shares. All related registration procedures had been completed.

On June 14, 2017, the Company's shareholders approved a resolution to distribute the retained earnings amounting to \$760,542, consisting of 76,054,000 shares, wherein, 30 shares per thousand shares were to be distributed as stock dividend. However, the Company repurchased its treasury stock to be transferred to its employees. The stock distribution had been adjusted to 29.60839 shares per thousand shares accordingly. The related registration procedures had been completed.

The Company's Board of Directors approved a resolution to retire restricted employee shares of 1,173,000 shares, with a face value of \$11,727 per share. The recognition date for capital reduction was November 10, 2017, and all related registration procedures had been completed.

On March 25, 2016, the Company's Board of Directors approved a resolution to distribute the employee remuneration amounting to \$496,015, consisting of 24,020,000 shares. All related registration procedures had been completed.

On June 15, 2016, the Company's shareholders approve a resolution to distribute the retained earnings with the amounts of \$726,336, consisting of 72,634,000 shares, wherein, 30 shares per thousand shares are to be distributed as stock dividend. However, the Company repurchased its treasury stock and transferred its treasury stock to employees. The distribution had been changed to 29.91332 shares per thousand shares accordingly. The dividend distribution date was set on August 15, 2016, and all related registration procedures had been completed.

The Company's Board of Directors approved a resolution to retire the restricted employee shares amounting to 1,820,000 shares, with a face value of \$18,197. The recognition date for capital reduction was November 11, 2016, and all related registration procedures had been completed.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Treasury Stock

- 1) The Company repurchased its own common stock as treasury shares in order to motivate and improve the operating performance of its employees in accordance with the requirements under section 28(2) of the securities and Exchange Act. As of December 31, 2017 and 2016, the amounts of treasury stock repurchased were 164,362,000 shares and 164,362,000 shares, respectively, the stock transferred to employees were 83,668,000 shares and 40,473,000 shares, respectively. Therefore, the shares of treasury stock the Company hold as of December 31, 2017 and 2016 were 80,694,000 shares and 123,889,000 shares, respectively.
- 2) Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10 % of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value, and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those that were not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury stock does not carry any shareholder rights until it is transferred.

(iii) Capital surplus

Balances of capital surplus at the reporting date were as follows:

	December 31, 2017	December 31, 2016
A premium issuance of common stock in exchange for the net assets of the DMS business of AI	\$ 1,800,000	1,800,000
A premium issuance of common shares for cash	19,959,824	19,137,751
Surplus arising from equity-accounted investees	241,854	201,967
Employee stock options	74,547	90,250
Restricted employee shares of stock	-	115,929
Transaction of treasury stock	-	7,688
	<u>\$ 22,076,225</u>	<u>21,353,585</u>

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

In accordance with Companies Act, realized capital surplus can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(iv) Unappropriated earnings

The Company's Articles of Incorporation provide that, when allocating the net profit for each fiscal year, the Company shall first offset its losses in previous years and then set aside the legal reserve at 10% of net profit until the accumulated legal reserve equals the Company's paid-in capital; and also set aside special capital reserve in accordance with relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 10% of the remaining earnings. The Company's appropriations of earnings are approved in the meeting of the Board of Directors and presented for approval in the Company's shareholders' meeting.

1) Legal reserve

According to the ROC Company Act, a company shall first set aside 10% of its net profit as legal reserve. When the balance of such legal reserve reaches an amount that is equal to the paid-in capital, the appropriation to legal reserve is discontinued. When a company incurs no loss, it may, in pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash. Only 10% of legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reserve

In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Dividends

As the Group is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of stock dividend is not lower than ten percent of total distribution of dividends.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Earnings Distribution

The appropriation of 2016 and 2015 earnings that was approved at the shareholders' meeting on June 14, 2017 and June 15, 2016, respectively were as follow:

	2016	2015
Cash dividends	\$ 3,042,169	2,905,344
Stock dividends	760,542	726,336
	\$ 3,802,711	3,631,680

The aforementioned distribution of common stock was no difference between the actual amounts and the amounts approved at the shareholders' meeting in 2016 and 2015. For further information, please refer to Market Observation Post System.

5) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) on available-for-sale financial assets		Other unearned compensation for restricted employee shares of stock
	Group	Associates	Group	Associates	Group
Balance at January 1, 2017	\$ 1,356,903	(155,476)	(542,394)	91,094	(113,721)
Foreign currency translation differences (net of tax)	(3,928,744)	(13,648)	-	-	-
Unrealized gains (losses) on available-for-sale financial assets (net of tax)	-	-	(746,776)	(71,214)	-
Other-unearned compensation for restricted employee shares of stock	-	-	-	-	113,721
Balance at December 31, 2017	\$ (2,571,841)	(169,124)	(1,289,170)	19,880	-
Balance at January 1, 2016	\$ 3,417,186	25,559	(468,957)	60,761	(22,389)
Foreign currency translation differences (net of tax)	(2,060,283)	(181,035)	-	-	-
Unrealized gains (losses) on available-for-sale financial assets (net of tax)	-	-	(73,437)	30,333	-
Other-unearned compensation for restricted employee shares of stock	-	-	-	-	(91,332)
Balance at December 31, 2016	\$ 1,356,903	(155,476)	(542,394)	91,094	(113,721)

(p) Share-based payment transactions

(i) The Company-restricted employee shares of stock

- 1) During their meeting on June 21, 2012, the Company's stockholders approved a resolution to issue 62,795,000 new restricted employee shares of stock to those full-time employees who conformed to the Company's certain requirements. These restricted employee shares of stock have been registered and approved by the ROC Securities and Futures Bureau of Financial Supervisory Commission. On October 30, 2012, the board of directors approved a resolution to issue 62,795,000 restricted employee shares of stock to their employees.

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

These employees are entitled to purchase the restricted shares of stock at the price of \$0, with the condition that these employees will continue to provide service to the Company for at least 2 years, 3 years and 4 years (from the grant date) and qualify with the Company's certain requirements. Based on the annual achievement situation of the Company's certain requirements, the restricted employee shares of stock are vested from 0% to 33.33% annually. The restricted shares of stock for employees are kept by a trust, which is appointed by the Company before they are vested. These shares shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. The voting rights of these shareholders are executed by the custodian, and the custodian will act accordingly based on law and regulations.

- 2) The number of the restricted employee shares of stock (in thousands) for the years ended December 31, 2017 and 2016, were as follows:

	2017	2016
Outstanding at the beginning of year	\$ 18,776	39,756
Vested	(17,637)	(19,201)
Retired	(1,139)	(1,779)
Outstanding at the end of year	\$ -	18,776

- 3) The Company adopted the Black-Sholes model to calculate the fair value of the restricted employee shares of stock at the grant date. The assumptions adopted in this valuation model were as follows:

Current market price	26.85
Exercise price	0
Expected life	4 years
Expected volatility	24.94%~28.92%
Risk-free interest rate	0.4620%

- 4) For the years ended December 31, 2017 and 2016, the accrued compensation cost for the restricted employee shares of stock amounted to \$427,935 and \$170,582, respectively, were accounted for under cost of sales and operating expenses.
- 5) As the third vesting period (the fourth year from the grant date) ended in August 2017, the Company decided to retrieve its restricted employee shares for employees who failed to qualify certain requirements, as well as its cash and stock dividend generated from the above mentioned restricted employee shares. Therefore, the retrieved cash dividend amounted to \$1,349 in August 2017, and the employee shares of 1,139,000 and the stock dividend of 34,000 were retrieved in the fourth quarter of 2017.

As the second vesting period (the third year from the grant date) ended in August 2016, the Company retired restricted employee shares for the employees who failed to qualify with the Company's certain requirements, as well as the cash and stock dividends generated from the above-mentioned restricted employee shares. Therefore, the retrieved cash dividend amounted to \$1,628 in August 2016, and the employee shares of 1,779,000 and the stock dividend of 41,000 were retrieved in the fourth quarter of 2016.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) WYHQ-Employee stock option

On June 20, 2017 and January 26, 2015, the board of directors of WYHQ approved a resolution to issue the employee stock options of 8,000 and 1,000 thousand units, respectively. The employee stock options were issued on June 20, 2017 and February 15, 2015 in accordance with the resolution of the board of directors. WYHQ will issue new shares to fulfill its obligations.

As of December 31, 2017, the information of WYHQ's employee stock options are as follows:

Categories	Date off resolution by Board of Director	Issue date	Existing period	Shares issued	Price of per share
The plan at employee stock option 2015	January 26, 2015	February 15, 2015	5 years	1,000,000 \$	17.40
The plan at employee stock option 2017	June 20, 2017	June 20, 2017	3 years	8,000,000	25.00

The exercise ratio of the employee stock options over the grant period are as follows :

2015 employee stock options A		2017 employee stock options A	
Grant period	Exercise ratio (cumulative)	Grant period	Exercise ratio (cumulative)
February 15, 2017	1/3	August 1, 2017	1/2
February 15, 2018	2/3	February 1, 2019	2/2
February 15, 2019	3/3		

WYHQ adopted the Black-Scholes model to evaluate the fair value of the stock option at the grant date. The assumptions adopted in this valuation model were as follows:

	2015 employee stock options A	2017 employee stock options A
Fair value at grant date (dollars)	\$ 7.19	4.54 / 6.24
Share price at grant date (dollars)	25.98	25.23
Exercise price (dollars)	17.40	25.00
Expected volatility	38.87 %	34.99 % / 39.93 %
Expected life	2 years	1.56 years / 2.31 years
Risk-free interest rate	0.60 %	0.5053 % / 0.5936 %

The shares (in thousands) of the employee stock options were as follows:

	2017		2016	
	Weighted-average exercise price (expressed in dollars)	Number of options (in thousands)	Weighted-average exercise price (expressed in dollars)	Number of options (in thousands)
Outstanding balance at the beginning of the year	\$ 10.64	856	14.90	910
Options granted	25.00	8,000	-	-
Options forfeited	-	(335)	-	(54)
Options exercised	20.98	(3,918)	-	-
Options expired	-	-	-	-
Outstanding balance at the end of the year	20.28	<u>4,603</u>	10.64	<u>856</u>
Exercisable number as the end of the year		<u>282</u>		<u>-</u>

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
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- 1) The outstanding employee stock options were as follows:

	December 31, 2017	December 31, 2016
Range at exercise price (TWD)	\$ 21.7 ~ 10	10.64
Weighted-average at remaining duration (years)	2.17	1.96

- 2) The compensation cost of employee stock option

For the years ended December 31, 2017 and 2016, the compensation cost of employee stock options amounted to \$15,114 and \$2,597, respectively, which were accounted for under operating expenses.

- (q) Earnings per share

	2017	2016
Basic earnings per share:		
Net profit belonging to common shareholders	\$ 3,885,516	2,961,101
Weighted average common stock outstanding (in thousands)	<u>2,628,992</u>	<u>2,552,633</u>
	\$ 1.48	1.16
Diluted EPS:		
Net profit belonging to common shareholders	<u>\$ 3,885,516</u>	<u>2,961,101</u>
Effect of potentially dilutive common stock (in thousands):		
Weighted average common stock outstanding (in thousands)	2,628,992	2,552,633
Effect of potentially dilutive common stock (in thousands):		
Employee compensation	34,719	30,180
Restricted employee shares of stock	<u>11,420</u>	<u>29,441</u>
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	<u>2,675,131</u>	<u>2,612,254</u>
	\$ 1.45	1.13

- (r) Revenue and non-operating income and expenses

- (i) Revenue

	2017	2016
Computer, Communication & Consumer electronics	\$ 757,311,857	566,277,457
Others	<u>78,769,166</u>	<u>93,630,774</u>
	\$ 836,081,023	659,908,231

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

	2017	2016
Interest income	\$ 1,078,725	933,695
Dividend income	137,054	108,650
Rental income	98,366	124,655
	\$ 1,314,145	1,167,000

(iii) Other gain and loss

	2017	2016
Foreign exchange gains, net	\$ 2,746,378	287,721
Gains (losses) on disposal of investment, net	351,953	(9,317)
Losses on disposal of property plant and equipment, net	(80,668)	(383,549)
Gains on disposal of intangible assets	-	72,753
Losses on valuation of financial assets (liabilities) by fair value, net	(1,884,238)	(557,970)
Other investment loss, net	(14,049)	(40,611)
Impairment losses	(54,876)	(377,110)
Others	314,142	638,184
	\$ 1,378,642	(369,899)

(iv) Finance costs

	2017	2016
Interest expenses		
Bank loans	\$ (2,756,041)	(1,981,651)

(s) Employee's and director's compensation

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employees' and directors' compensation), it shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

- (i) No less than 5% of profit as employee compensation. The Company may distributed in the form of shares or in cash, and the qualifications of employees, including the employees of subsidiaries of the Company, depends on certain specific requirements determined by the Board of Directors.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) No more than 1% of profit as the compensation in cash to the Directors

The Company's estimated of employee and director's compensation were as follows:

	<u>2017</u>	<u>2016</u>
Employee's compensation	\$ 711,308	615,440
Directors' compensation	<u>46,946</u>	<u>40,619</u>
	<u>\$ 758,254</u>	<u>656,059</u>

The amounts are calculated by the net profit before tax excluding employee and directors' compensation, of each period multiplied by the percentage of employee and directors' compensation as specified in the Company's Article of Incorporation. The amounts are accounted for under cost of sales and operating expense in 2017 and 2016. The numbers of shares distributed in 2017 and 2016, were calculated basing on the closing price of the Company, one day before the date of the meeting of Board of Directors on March 13, 2018 and March 20, 2017, respectively. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2017 and 2016.

The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as a change in accounting estimate and recognized in the next year.

- (t) Financial instruments

- (i) Credit risk

- 1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

- 2) Concentration of credit risk

The Group's majority customers are in high-tech industries. To reduce concentration of credit risk, the Group evaluates customers' financial positions periodically and requires customers to provide collateral or promissory notes, if necessary. In addition, the Group evaluates the aging of accounts receivable periodically, accrue allowance for doubtful accounts and purchasing insurance contracts of accounts receivable, if necessary. Historically, bad debt expense has always been under management's expectation. As of December 31, 2017 and 2016, 67% and 60% of the Group's accounts receivable were concentrated on 5 and 4 specific customers, respectively. Accordingly, concentrations of credit risk exist.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
As of December 31, 2017						
Non-derivative financial liabilities						
Short-term loans	\$ 82,594,681	82,710,699	82,710,699	-	-	-
Notes and accounts payable (including related parties)	133,110,536	133,110,536	133,110,536	-	-	-
Other payables (including related parties)	17,879,989	17,879,989	17,879,989	-	-	-
Long-term loans (including current portion)	8,867,276	9,042,220	8,288,034	754,186	-	-
Subtotal	<u>242,452,482</u>	<u>242,743,444</u>	<u>241,989,258</u>	<u>754,186</u>	<u>-</u>	<u>-</u>
Derivative financial liabilities						
Foreign currency swap contacts:						
Outflow	\$ 155,740	33,385,646	33,385,646	-	-	-
Inflow	-	(33,229,906)	(33,229,906)	-	-	-
Carrying amount	<u>155,740</u>	<u>155,740</u>	<u>155,740</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign currency forward contracts:						
Outflow	66,501	514,221	514,221	-	-	-
Inflow	-	(447,720)	(447,720)	-	-	-
Carrying amount	<u>66,501</u>	<u>66,501</u>	<u>66,501</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>222,241</u>	<u>222,241</u>	<u>222,241</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 242,674,723</u>	<u>242,965,685</u>	<u>242,211,499</u>	<u>754,186</u>	<u>-</u>	<u>-</u>
As of December 31, 2016						
Non-derivative financial liabilities						
Short-term loans	\$ 44,762,259	44,826,184	44,826,184	-	-	-
Notes and accounts payable (including related parties)	124,221,933	124,221,933	124,221,933	-	-	-
Other payables (including related parties)	20,558,799	20,558,799	20,558,799	-	-	-
Long-term loans (including current portion)	13,008,880	13,434,672	1,442,690	11,991,982	-	-
Subtotal	<u>202,551,871</u>	<u>203,041,588</u>	<u>191,049,606</u>	<u>11,991,982</u>	<u>-</u>	<u>-</u>
Derivative financial liabilities						
Foreign currency swap contacts:						
Outflow	19,071	16,704,710	16,704,710	-	-	-
Inflow	-	(16,685,639)	(16,685,639)	-	-	-
Carrying amount	<u>19,071</u>	<u>19,071</u>	<u>19,071</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign currency forward contracts:						
Outflow	6,059	489,680	489,680	-	-	-
Inflow	-	(483,621)	(483,621)	-	-	-
Carrying amount	<u>6,059</u>	<u>6,059</u>	<u>6,059</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>25,130</u>	<u>25,130</u>	<u>25,130</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 202,577,001</u>	<u>203,066,718</u>	<u>191,074,736</u>	<u>11,991,982</u>	<u>-</u>	<u>-</u>

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposures to foreign currency risk were as follows:

	December 31, 2017			December 31, 2016		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	20,241.55 USD/BRL=	3.314	604,170	1,760.56 USD/BRL=	3.256	56,829
	67.43 USD/COP=	2,987.730	2,013	7.28 USD/COP=	2,997.230	235
	40,952.11 USD/CZK=	21.402	1,222,339	8,131.18 USD/CZK=	25.711	262,466
	- USD/HKD=	-	-	0.93 USD/HKD=	7.755	30
	208.82 USD/CLP=	615.200	6,233	- USD/CLP=	-	-
	407.26 USD/INR=	63.900	12,156	73.92 USD/INR=	67.960	2,386
	15,432.76 USD/JPY=	112.660	460,637	5,497.78 USD/JPY=	117.050	177,463
	1,938.32 USD/MXN=	19.701	57,855	1,328.07 USD/MXN=	20.715	42,869
	2.00 USD/MYR=	4.058	60	126.31 USD/MYR=	4.488	4,077
	2,106,374.32 USD/TWD=	29.848	62,871,061	1,945,136.96 USD/TWD=	32.279	62,787,076
	136,648.65 USD/CNY=	6.527	4,078,689	4,800.22 USD/CNY=	6.937	154,946
CNY	43,897.77 CNY/TWD=	4.573	200,758	68,889.48 CNY/TWD=	4.654	320,577
	1,026,249.18 CNY/USD=	0.153	4,693,345	715,274.90 CNY/USD=	0.144	3,328,532
<u>Non-monetary</u>						
USD	58,885.07 USD/TWD=	29.848	1,757,602	11,521.95 USD/TWD=	32.279	371,917
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	10,393.33 USD/BRL=	3.314	310,220	307.80 USD/BRL=	3.256	9,935
	650.00 USD/COP=	2,987.730	19,401	21,438.00 USD/CZK=	25.711	691,997
	3,547.38 USD/CLP=	615.200	105,882	- USD/CLP=	-	-
	43,261.40 USD/CZK=	21.402	1,291,267	6.02 USD/HKD=	7.755	194
	4.67 USD/HKD=	7.815	139	7,731.85 USD/INR=	67.960	249,576
	20,908.89 USD/INR=	63.900	624,089	1.53 USD/JPY=	117.050	49
	25.75 USD/JPY=	112.660	769	6,190.21 USD/MXN=	20.715	199,814
	9,544.71 USD/MXN=	19.701	284,890	3,152.94 USD/MYR=	4.488	101,774
	2.67 USD/MYR=	4.058	80	2,860,283.49 USD/TWD=	32.279	92,327,091
	4,226,684.99 USD/TWD	29.848	126,158,092	26,744.48 USD/CNY=	6.937	863,285
	32,304.71 USD/CNY	6.527	964,232	-	-	-
CNY	141.10 CNY/TWD=	4.573	645	175.10 CNY/TWD=	4.654	815
	2,938,968.25 CNY/USD=	0.153	13,440,783	2,812,562.03 CNY/USD=	0.144	13,088,257

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Currency risk sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable and other payables that are denominated in foreign currency.

A Strengthening (weakening) 5 % of appreciation (depreciation) of the TWD against the USD and the CNY as of December 31, 2017 and 2016, would increase (decrease) the net profit after tax by \$2,863,134 and \$1,660,970, respectively. The analysis assumes that all other variables remain constant.

(iv) Interest analysis

The interest risk for financial liabilities of the Group would be explained in liquidity risk management stated in this note.

The following sensitivity analysis is based on the risk exposure to interest rates on non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increase / decrease by 25 basis points, the Group's net profit after tax would decrease/increase by \$45,434 and \$74,010 for the years ended December 31, 2017 and 2016, with all other variable factors that remain constant. This is mainly due to the Group's borrowings in floating variable rate.

(v) Fair value information

1) Categories and fair values of financial instruments

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

- c) Level 3: inputs for the assets or liability that are not based on observable market data.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	December 31, 2017				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss derivative financial assets	\$ 51,475	-	51,475	-	51,475
Available-for-sale financial assets	\$ 2,876,799	2,247,418	629,381	-	2,876,799
Other financial assets-current	\$ 275,540	-	275,540	-	275,540
Financial assets carried at cost	\$ 1,545,840	-	-	-	-
Loans and receivables					
Cash and cash equivalents	65,986,117	-	-	-	-
Notes and accounts receivable (including related parties)	94,651,751	-	-	-	-
Other receivable (including related parties)	9,787,306	-	-	-	-
Subtotal	\$ 170,425,174	-	-	-	-
Guarantee deposits	\$ 244,918	-	-	-	-
Financial liabilities at fair value through profit or loss	\$ 222,241	-	222,241	-	222,241
Financial liabilities at amortized cost					
Short-term loans	82,594,681	-	-	-	-
Notes and accounts payable (including related parties)	133,110,536	-	-	-	-
Other payables (including related parties)	17,879,989	-	-	-	-
Long-term loans (including current portion)	8,867,276	-	-	-	-
Subtotal	\$ 242,452,482	-	-	-	-

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WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2016				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss derivative financial assets	\$ 258,924	-	258,924	-	258,924
Available-for-sale financial assets	\$ 3,559,352	2,985,207	574,145	-	3,559,352
Financial assets carried at cost	\$ 1,539,065	-	-	-	-
Other financial assets-current	\$ 255,943	-	255,943	-	255,943
Loans and receivables					
Cash and cash equivalents	57,561,050	-	-	-	-
Notes and accounts receivable (including related parties)	89,733,251	-	-	-	-
Other receivable (including related parties)	6,108,079	-	-	-	-
Subtotal	\$ 153,402,380	-	-	-	-
Guarantee deposits	\$ 348,603	-	-	-	-
Financial liabilities at fair value through profit or loss	\$ 25,130	-	25,130	-	25,130
Financial liabilities at amortized cost					
Short-term loans	44,762,259	-	-	-	-
Notes and accounts payable (including related parties)	124,221,933	-	-	-	-
Other payables (including related parties)	15,589,083	-	-	-	-
Long-term loans (including current portion)	13,008,880	-	-	-	-
Subtotal	\$ 197,582,155	-	-	-	-

2) Valuation techniques and assumptions used in fair value determination

The Group uses the following methods in determining the fair value of its financial assets and liabilities:

- a) The fair value of investments in securities of listed companies, with standard terms and conditions which are traded in active markets, is based on quoted market price.
- b) The derivative instruments were measured by models which are widely accepted by users from the market. The forward contracts would usually measure by forward exchange rates.
- c) For all other financial assets and financial liabilities, the fair value is determined using a discounted cash flow analysis based on expected future cash flows.

3) Transfer from Level 1 to Level 2: none

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Changes between Level 3: none

The Group's beneficial and adverse change refers to the fluctuation of the fair value, and the fair value is calculated by parameters at any unobservable level and valuation technique. The above table only reflects the effect which results from the single parameter changes, and does not consider the correlation and variability between parameters, even if there is more than one parameter that would affect the fair value.

(vi) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the Section 42 of International Financial Reporting Standards No. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

December 31, 2017						
Financial assets that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other non-current assets	USDS 22,617,003	22,617,003	-	-	-	-
	CNYS 2,242,390	2,242,390	-	-	-	-

December 31, 2017						
Financial liabilities that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term loans	USDS 22,617,003	22,617,003	-	-	-	-
	CNYS 2,242,390	2,242,390	-	-	-	-

(u) Financial risk management

(i) By using financial instruments, the Group is exposed to risks as below:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Detailed information about exposure risk arising from the aforementioned risks was listed below. The Group's objective, policies and processes for managing risks and methods used to measure the risk arising from financial instruments.

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Risk management framework

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The Shareholder's meeting regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments to which the Group is exposed to. The Group's internal auditors continue with the review of the amount of the risk exposure in accordance with the Group's policy and the risk management policies and procedures. Derivative contracts of the Group with several financial institutions were intended to manage foreign currency exchange and interest rate fluctuation risks.

The chief of finance management department arranges a meeting to review the strategy and performance, then reports the results to Chief Financial Officer and Chairman periodically.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group's notes and accounts receivable and investment.

1) Notes and accounts receivable

The Group's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Group will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

2) Investment

The credit risk exposure in the bank deposits, other financial instruments and equity instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, there are no incompliance issues and therefore no significant credit risk.

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WISTRON CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Guarantee

According to the Group's policy, the Group can only provide guarantee to which is listed under the regulation. The Group didn't provide guarantees to any non-consolidated subsidiaries as of December 31, 2017 and 2016.

(iv) Liquidity risk

The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Group. As of December 31, 2017 and 2016, the Group has unused credit facilities for short-term and long-term loans of \$94,788,653 and \$150,890,006, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, the New Taiwan Dollar. The currencies used in these transactions are denominated in TWD, EUR, USD, JPY and CNY.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Group's future cash flow. The Group entering into forward and swap contracts are intended to manage the exchange rate risk due to the Group's current and future demand for foreign currency. The contract periods are decided in consideration of the Group's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Group will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Group's short-term loans, long-term loans and advances from factoring of accounts receivable bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Group's future cash flow. The Group reduces the interest risks by negotiating the loan interest rates frequently with banks.

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WISTRON CORPORATION AND ITS SUBSIDIARIES
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3) Other market price risk

The Group monitors the risk arising from its available-for-sale security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(v) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, and provide a return to the shareholders, also, to benefit other related parties, at the same time, to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities. The Group uses the debt ratio to manage capital. This ratio uses the total debt to be divided by the total assets.

The Group's debt ratio as of December 31, 2017 and 2016, were as follows:

	December 31, 2017	December 31, 2016
Total liabilities	<u>\$ 260,232,320</u>	<u>214,787,109</u>
Total assets	<u>\$ 326,653,382</u>	<u>282,755,558</u>
Debt ratio	<u>80%</u>	<u>76%</u>

As of December 31, 2017, the Group's capital management strategy is consistent with the prior year.

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Names of the related parties</u>	<u>Relationship</u>
T-CONN PRECISION CORPORATION (TPE)	Associate
T-CONN PRECISION(Zhongshan) CORPORATION (TZS)	Associate
CHANGING INFORMATION TECHNOLOGY INC. (CGI)	Associate
HSIEH-YUH TECHNOLOGY CO., LTD. (HYBVI)	Associate
HSIEH-YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. (HYZS)	Associate
Join-Link International Technology Co. Ltd. (JLH)	Associate

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Names of the related parties</u>	<u>Relationship</u>
Great Connection Ltd. (GCL)	Associate
Maya International Company, Ltd. (MAYA)	Associate
AOpen Inc. (AOI)	Associate
Aopen Information Products (Zhongshan) Inc. (AOZ)	Associate
ICA Inc. (CQIC)	Associate
NEWEB SERVICE (KUNSHAN) CORPORATION (NQC)	Associate
WNC (kunshan) Corporation (NQJ)	Associate
Webcom Communication (kunshan) Corporation (NYC)	Associate
Wistron Neweb(Kunshan)Corporation (NQX)	Associate
Wistron NeWeb Corporation (WNC)	Associate
Fullerton Ltd. (FLT)	Associate
WIS PRECISION (TAIZHOU) CO., LTD. (WPTZ)	Associate
WIBASE INDUSTRIAL SOLUTIONS INC. (WIS)	Associate
Wistron Information Technology and Services (Beijing) Inc. (WIBJ)	Associate
Wistron Information Technology and Services Corporation (WITS)	Associate
Wiseops Co.,Limited (WOHK) (Note)	Associate
HIGH-TEK ENTERPRISE (KUNSHAN) CO., LTD. (HTKS)	Associate
HIGH-TEK HARNESS ENTERPRISE CO.,LTD (HTK)	Associate
High-Tek Harness Enterprise (ChongQing) Co.,Ltd. (HTCQ)	Associate
LIAN-YI PRECISION (ZHONGSHAN) INC. (LYZ)	Associate
AOPEN AUSTRALIA & NEW ZEALAND PTY LTD. (AOAU)	Associate
Aopen Japan Inc. (AOJ)	Associate
Optiemus Electronics Limited (OPEL)	Associate
Super Elite Ltd. (SEL)	Associate
Wistron Information Technology and Services Inc. (WIBI)	Associate
Xserve (BVI) Corp. (XBC)	Associate
WISTRON HUMANITIES FOUNDATION	Other related Party

(Note): The Group disposed all the equity of WOHK in the last quarter of 2016; therefore, WOHK is no longer as a related party of the Group.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Related party transactions

(i) Sales

The amounts of significant sales transactions and outstanding balances between the Group and related parties were as follows:

	Sales	
	2017	2016
Associates		
LYZ	\$ 47,276	804
AOI	43,107	47,205
WOHK	-	1,849,288
Others	<u>46,970</u>	<u>58,992</u>
	<u>\$ 137,353</u>	<u>1,956,289</u>
	Receivables from related parties	
	December 31,	December 31,
	2017	2016
Associates		
LYZ	\$ 31,010	-
AOI	6,893	930
OPEL	7,060	-
FLT	-	4,361
Others	<u>6,499</u>	<u>478</u>
	<u>\$ 51,462</u>	<u>5,769</u>

The selling price and payment terms of sales to related parties depend on the economic environment and market competition of the sales areas. There are not significant difference in the pricing and payment terms from those with third-party customers.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Purchases

The amounts of significant purchase transactions and outstanding balances between the Group and related parties were as follows:

	Purchase	
	2017	2016
Associates		
LYZ	\$ 555,106	945,614
WNC	246,026	306,366
HTK	388,387	291,404
HYZS	282,744	336,201
TPE	384,038	317,623
WOHK	-	1,495,871
Others	506,310	1,008,150
	\$ 2,362,611	4,701,229
	Payable to related party	
	December 31, 2017	December 31, 2016
Associates		
LYZ	\$ 271,485	414,959
WNC	105,657	70,465
HTK	239,698	124,924
TPE	129,448	103,072
HTKS	7,491	136,822
Others	222,987	336,466
	\$ 976,766	1,186,708

Trading terms of purchase transactions with related parties are not significantly different from those with third-party vendors.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Rental income and property transactions and their outstanding balance were as follows :

	<u>Amount</u>	
	<u>2017</u>	<u>2016</u>
Rental income		
Associates		
NQJ	\$ 1,975	2,311
NQX	1,975	2,311
AOZ	4,453	6,210
Others	<u>373</u>	<u>433</u>
	<u>\$ 8,776</u>	<u>11,265</u>
Property transactions		
Associates		
CQIC	\$ 4,087	615
Othes	<u>14</u>	<u>64</u>
	<u>\$ 4,101</u>	<u>679</u>
	<u>Other receivable to related parties</u>	
	<u>December 31,</u>	<u>December 31,</u>
	<u>2017</u>	<u>2016</u>
Rental income		
Associate		
NQJ	\$ 335	178
NQX	<u>334</u>	<u>177</u>
	<u>\$ 669</u>	<u>355</u>
Property transactions		
Associates		
CQIC	<u>\$ 3,401</u>	<u>137</u>

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Operating expenses and property transactions their outstanding balances were as follows :

	Amount	
	2017	2016
Property transactions		
Associates		
SEL	\$ 2,450	-
FLT	-	47,010
LYZ	7,245	-
WNC	2,354	-
Others	108	600
	<u>\$ 12,157</u>	<u>47,610</u>
Contribution		
Other related party	<u>\$ 8,622</u>	<u>2,668</u>
	Other payables to related parties	
	December 31,	December 31,
	2017	2016
Property transactions		
Associates		
LYZ	2,265	-
FLT	-	31,069
	<u>\$ 2,265</u>	<u>31,069</u>

(v) Advances to related parties

The Group paid certain expenses on behalf of related parties including purchase, warranty expense, repair expense and other disbursement were as follows:

	Other receivable to related parties	
	December 31,	December 31,
	2017	2016
Associates		
AOI	\$ 1,208	1,366
WNC	507	463
JLH	655	1,601
CQIC	3,432	-
Others	243	756
	<u>\$ 6,045</u>	<u>4,186</u>

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Advances from related parties

Related parties paid certain expenses on behalf of the Group, including warranty expenses, traveling expenses, and salaries for overseas employees were as follows:

	Other payable to related parties	
	December 31, 2017	December 31, 2016
Associates		
FLT	\$ 1,492	5,388
WITS	2,153	6,629
WIS	7,198	-
Others	218	168
	\$ 11,061	12,185

(vii) Receivables from related parties resulting from the above transactions were as follows:

	December 31, 2017	December 31, 2016
Receivables from related parties:		
Notes and accounts receivable	\$ 51,462	5,769
Other receivable-related parties:		
Rental receivable	\$ 669	355
Receivable from sale of property, plant and equipment	3,401	137
Other receivables	6,045	4,186
	\$ 10,115	4,678

(viii) Payables to related parties resulting from the above transactions were as follows:

	December 31, 2017	December 31, 2016
Payables to related parties:		
Notes and accounts payable	\$ 976,766	1,186,708
Other payables-related parties:		
Payable to purchase of property, plant and equipment	\$ 2,265	31,069
Other payables	11,061	12,185
	\$ 13,326	43,254

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Transactions with key management personnel

Key management personnel compensation:

	<u>2017</u>	<u>2016</u>
Short-term employee benefits	\$ 59,119	57,586
Post-employment benefits	<u>1,184</u>	<u>1,181</u>
	<u>\$ 60,303</u>	<u>58,767</u>

(8) Pledged assets:

The carrying values of pledged assets are as follow:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Property, plant and equipment-lands and buildings	Bank loan	\$ -	333,080
Other non-current assets -restricted bank deposit	Stand by L/C	9,576	9,434
Other non-current assets -restricted bank deposit	Foreign exchange guarantee	150,740	325,745
Other non-current assets -restricted bank deposit	Custom guarantee	8,970	6,456
Other non-current assets -restricted bank deposit	Litigation guarantee	<u>1,428</u>	<u>980</u>
		<u>\$ 170,714</u>	<u>675,695</u>

(9) Commitments and contingencies:

(a) As of December 31, 2017 and 2016, the unused letters of credit were as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Unused letters of credit	<u>\$ 72,415</u>	<u>90,566</u>

(b) Major litigation

Qualcomm Inc. filed a patent infringement lawsuit against the Company and other three ODM companies in the United States District Court - Southern District of California on May 17, 2017. The above three ODM companies and the Company also filed a counterclaim against Qualcomm Inc. on July 19, 2017. The case is still in legal proceedings with the assistance of attorney.

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

- (a) According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. This increase does not affect the amounts of the current or deferred income taxes recognized on December 31, 2017. However, it will increase the Group's current tax charge accordingly in the future. On the other hand, if the new tax rate is applied in calculating the taxable temporary differences and tax losses recognized on December 31, 2017, the deferred tax assets and deferred tax liabilities would increase by \$550,619 and \$609,798, respectively.
- (b) The appropriation of earnings for 2017 that was approved at the board of directors meeting on March 13, 2018 were as follows:

	2017
Common stock dividends	
Cash dividends	\$ 3,208,199
Stock dividends	802,050
Total	\$ 4,010,249

The appropriation of earnings for 2017 are to be presented for approval in the shareholders' meeting to be held in June 2018.

- (c) On March 13, 2018, the Company's Board of Directors approved a resolution to issue Global depository shares ranging from 208,000,000 to 260,000,000 common shares. All related registration procedures had been completed.

(12) Other:

Total personnel, depreciation and amortization expenses categorized by function for the years ended December 31, 2017 and 2016 were as follows:

	2017			2016		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	17,035,078	10,793,388	27,828,466	13,705,128	9,998,975	23,704,103
Labor and health insurance	1,971,157	973,231	2,944,388	1,645,473	915,500	2,560,973
Pension	74,069	405,655	479,724	70,681	406,080	476,761
Others	4,101,804	691,440	4,793,244	1,561,656	586,167	2,147,823
Depreciation	6,228,223	1,364,357	7,592,580	5,695,887	1,961,527	7,657,414
Amortization	10,889	304,320	315,209	8,044	384,063	392,107

The Group had 82,955 and 83,278 employees, respectively, as of December 31, 2017 and 2016.

(Continued)

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2017:

1. Financing to other parties:

No.	Financing Company	Counter-party	Financial Statement Account	Related party	Maximum Balance for the Period	Ending balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction amounts	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing Limits for Each Borrowing Company (Note 3 & 4)	Financing Company's Total Financing Amount Limits (Note 1)	Notes
													Item	Value			
0	The Company	WTZ	Other receivables	Yes	6,067,200	-	-	1.20%-2.50%	2	-	Operating Capital	-	-	6,512,637	32,563,187	Note 11	
0	The Company	WPH	Other receivables	Yes	1,568,000	-	-	1.20%-1.50%	2	-	Operating Capital	-	-	6,512,637	32,563,187	Note 11	
0	The Company	WETW	Other receivables	Yes	95,000	-	-	1.80%	2	-	Operating Capital	-	-	6,512,637	32,563,187	Note 11	
0	The Company	WPH	Other receivables	Yes	530,355	522,340	522,340	1.50%	1	877,864	Business Contact	-	-	6,512,637	32,563,187	Note 11	
1	WAKS	WTZ	Other receivables	Yes	3,136,000	2,984,800	2,835,560	1.20%-1.50%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 5 & 11	
1	WAKS	WGKS	Other receivables	Yes	1,192,039	590,990	590,990	1.20%-1.50%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 5 & 11	
1	WAKS	WSCQ	Other receivables	Yes	913,080	895,440	895,440	1.20%-1.50%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 5 & 11	
1	WAKS	WYBJ	Other receivables	Yes	75,857	-	-	3.50%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 5 & 11	
1	WAKS	WRKS	Other receivables	Yes	301,020	149,240	68,600	1.50%-4.00%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 5 & 11	
1	WAKS	WOSH	Other receivables	Yes	152,180	149,240	141,772	4.00%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 5 & 11	
1	WAKS	WSKS	Other receivables	Yes	627,200	-	-	1.20%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 5 & 11	
2	WCH	ANC	Other receivables	Yes	125,440	-	-	1.20%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 5 & 11	
3	WEHK	WETW	Other receivables	Yes	9,408	-	-	1.20%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 6 & 11	
4	WSSG	WSMY	Other receivables	Yes	18,816	-	-	1.80%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 8 & 11	
4	WSSG	WETW	Other receivables	Yes	135,765	119,392	119,392	3.95%	2	-	Operating Capital	-	-	147,644	590,579	Note 8 & 11	
5	WCQ	WTZ	Other receivables	Yes	3,030,600	2,984,800	2,984,800	1.50%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 9 & 11	
5	WCQ	WSCQ	Other receivables	Yes	909,180	895,440	-	1.50%	2	-	Operating Capital	-	-	65,126,374	65,126,374	Note 9 & 11	
6	AIHH	AGI	Other receivables	Yes	29,848	29,848	29,848	1.50%	2	-	Operating Capital	-	-	521,363	2,085,453	Note 10 & 11	

(Note 1) The total amount available for financing purposes shall not exceed 50% of the Company's net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% Company's net worth.

(Note 2) Financing purposes:

- 1 for entities the Company has business transactions with
- 2 for entities with short-term financing needs

(Note 3) Individual financing limit for entities the Company has business transactions with

- (1) For entities in which the Company, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 10% of net worth of the Company.
- (2) For entities in which the Company, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 40% and 5% of net worth of the borrower and the Company, respectively.
- (3) For other borrowers, the amount available for financing shall not exceed 25% and 5% of net worth of the borrower and the Company, respectively.

(Note 4) For entities with short-term financing needs, the amount available for financing shall not exceed 10% of net worth of the Company.

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

(Note 5) Subsidiary - WAKS

(1) The total amount available for financing purposes shall not exceed 50% of WAKS' net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% of net worth of WAKS. However, for those subsidiaries in China in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant; and for entities which are not located in Taiwan, the financing limits will be subject to the credit limit approved by State Administration of Foreign Exchange.

(2) For those subsidiaries in China with short-term financing needs which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing of each entity shall not exceed net worth, which was audited or reviewed by Certified Public Accountant, of the Company.

(Note 6) Subsidiary - WCH

(1) The total amount available for financing purposes shall not exceed 40% of WCH's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

(2) For entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% of net worth of WCH. However, for those subsidiaries with short-term financing needs in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing of each entity shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 7) Subsidiary - WEHK

(1) The total amount available for financing purposes shall not exceed 50% of WEHK's net worth, which was audited or reviewed by Certified Public Accountant; and for entities with short-term financing needs, the amount available for financing shall not exceed 40% of WEHK's net worth, which was audited or reviewed by Certified Public Accountant.

(2) Individual financing limit for entities WEHK has business transactions with

A. For entities in which WEHK, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 10% of net worth of WEHK.

B. For entities in which WEHK, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 40% and 5% of net worth of the borrower and WEHK, respectively.

C. For other borrowers, the amount available for financing shall not exceed 25% and 5% of net worth of the borrower and WEHK, respectively.

(3) For entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WEHK.

(Note 8) Subsidiary - WSSG

(1) The total amount available for financing purposes shall not exceed 40% of WSSG's net worth, which was audited, or reviewed by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.

(2) For the entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% of net worth of WSSG. However, for those foreign subsidiaries with short-term financing needs in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 9) Subsidiary - WCQ

(1) The total amount available for financing purposes shall not exceed 50% of WCQ's net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% of net worth of WCQ. However, for those subsidiaries in China in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant; and for entities which are not located in Taiwan, the financing limits will be subject to the credit limit approved by State Administration of Foreign Exchange.

(2) For those subsidiaries in China with short-term financing needs which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing of each entity shall not exceed net worth, which was audited or reviewed by Certified Public Accountant, of the Company.

(Note 10) Subsidiary - AIHH

(1) The total amount available for financing purposes shall not exceed 40% of AIHH's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

(2) For entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of AIHH. However, for the subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 11) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

2. Guarantees and endorsements for other parties:

No.	Endorsement/ Guarantee Provider	Counter-party of guarantee and endorsement			Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2&4&10)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 1&3&10)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Notes
		Name	Relationship with the company (Note 11)												
0	The Company	WJP	3	19,537,912	1,396,122	907,376	774,926	-	-	1.39%	65,126,374	Y	N	N	Note 12
0	The Company	Cowin (Note 5)	2	19,537,912	23,520	22,386	22,386	-	-	0.03%	65,126,374	Y	N	N	Note 12
0	The Company	WZS shared with WAKS and WEKS (Note 5)	3	19,537,912	70,560	67,158	67,158	-	-	0.10%	65,126,374	Y	N	Y	Note 12
0	The Company	WCZ	2	19,537,912	958,826	514,106	514,106	-	-	0.79%	65,126,374	Y	N	N	Note 12
0	The Company	WOK	3	19,537,912	940,800	895,440	895,440	-	-	1.37%	65,126,374	Y	N	Y	Note 12
0	The Company	WMKS	3	19,537,912	313,600	298,480	298,480	-	-	0.46%	65,126,374	Y	N	Y	Note 12
0	The Company	WSKS	3	19,537,912	313,600	298,480	298,480	-	-	0.46%	65,126,374	Y	N	Y	Note 12
0	The Company	WBR	2	19,537,912	787,956	776,048	776,048	-	-	1.19%	65,126,374	Y	N	N	Note 12
0	The Company	WIN	3	19,537,912	1,254,400	1,193,920	1,193,920	-	-	1.83%	65,126,374	Y	N	N	Note 12
0	The Company	WSSG	2	19,537,912	6,083,840	5,790,512	5,790,512	-	-	8.89%	65,126,374	Y	N	N	Note 12
0	The Company	The Company shared with WSSG	2	19,537,912	156,800	149,240	149,240	-	-	0.23%	65,126,374	Y	N	N	Note 12
0	The Company	WTX	2	19,537,912	3,182,130	3,134,040	3,134,040	-	-	4.81%	65,126,374	Y	N	N	Note 12
0	The Company	WGTX	2	19,537,912	402,948	402,948	402,948	-	-	0.62%	65,126,374	Y	N	N	Note 12
0	The Company	The Company shared with WGTX	2	19,537,912	627,200	596,960	596,960	-	-	0.92%	65,126,374	Y	N	N	Note 12
0	The Company	WTZ	3	19,537,912	2,508,800	2,387,840	2,387,840	-	-	3.67%	65,126,374	Y	N	Y	Note 12
0	The Company	The Company shared with WTZ	3	19,537,912	313,600	298,480	298,480	-	-	0.46%	65,126,374	Y	N	Y	Note 12
0	The Company	WSMX	2	19,537,912	470,400	447,720	447,720	-	-	0.69%	65,126,374	Y	N	N	Note 12
0	The Company	WGKS	3	19,537,912	740,230	740,230	740,230	-	-	1.14%	65,126,374	Y	N	Y	Note 12
0	The Company	WCZ shared with WSCZ (Note 6)	2 * 3	19,537,912	7,345,884	4,128,966	4,128,966	-	-	6.34%	65,126,374	Y	N	N	Note 12
0	The Company	WHYQ	2	19,537,912	378,603	298,480	298,480	-	-	0.46%	65,126,374	Y	N	N	Note 12
0	The Company	WSCO	2	19,537,912	125,440	119,392	119,392	-	-	0.18%	65,126,374	Y	N	N	Note 12
0	The Company	The Company shared with WCH and WTX	2	19,537,912	940,800	-	-	-	-	-	-	Y	N	N	Note 12
0	The Company	WMKS shared with WQD (Note 8)	3	19,537,912	627,200	596,960	596,960	-	-	0.92%	65,126,374	Y	N	Y	Note 12
0	The Company	WMKS shared with WTZ, WQD and WGKS (Note 7)	3	19,537,912	627,200	596,960	596,960	-	-	0.92%	65,126,374	Y	N	Y	Note 12
0	The Company	WTR	2	19,537,912	31,360	29,848	29,848	-	-	0.05%	65,126,374	Y	N	N	Note 12
0	The Company	WPH	2	19,537,912	250,880	-	-	-	-	-	-	Y	N	N	Note 12
0	The Company	The Company shared with WMKS, WQD, WSKS and WOK	3	19,537,912	940,800	895,440	895,440	-	-	1.37%	65,126,374	Y	N	Y	Note 12
0	The Company	WOK shared with WTZ and WSKS	3	19,537,912	1,097,600	1,044,680	1,044,680	-	-	1.60%	65,126,374	Y	N	Y	Note 12
0	The Company	WTZ shared with WGKS and WSKS	3	19,537,912	313,600	298,480	298,480	-	-	0.46%	65,126,374	Y	N	Y	Note 12
0	The Company	WHK	3	19,537,912	31,360	29,848	29,848	-	-	0.05%	65,126,374	Y	N	N	Note 12
0	The Company	Cowin shared with WPH, WCZ, WMX, WITX, WYHQ and WYUDE (Note 9)	2 * 3	19,537,912	4,327,957	2,849,127	2,849,127	-	-	4.37%	65,126,374	Y	N	N	Note 12
0	The Company	WAKS shared with WEKS, WCD and WCC (Note 9)	3	19,537,912	2,473,118	1,628,073	1,628,073	-	-	2.50%	65,126,374	Y	N	Y	Note 12

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

No.	Endorsement/ Guarantee Provider	Counter-party of guarantee and endorsement		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2&4&10)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 1&3&10)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Notes
		Name	Relationship with the company (Note 11)											
0	The Company	WMY shared with WEMY and WSMY	2 · 3	19,537,912	156,800	149,240	149,240	-	0.23%	65,126,374	Y	N	N	Note 12
0	The Company	WYUDE	3	19,537,912	9,995,712	8,491,756	8,491,756	-	13.04%	65,126,374	Y	N	N	Note 12
0	The Company	Cowin shared with WCZ, WYHQ and WYUDE	2 · 3	19,537,912	3,301,100	3,283,280	1,044,680	-	5.04%	65,126,374	Y	N	N	Note 12
0	The Company	WCH	2	19,537,912	39,200	37,310	37,310	-	0.06%	65,126,374	Y	N	N	Note 12
0	The Company	AGI	2	19,537,912	52,000	52,000	52,000	-	0.08%	65,126,374	Y	N	N	Note 12
0	The Company	WSCL	2	19,537,912	152,180	149,240	149,240	-	0.23%	65,126,374	Y	N	N	Note 12
0	The Company	WSCQ	2	19,537,912	596,960	596,960	298,480	-	0.92%	65,126,374	Y	N	Y	Note 12
0	The Company	ANC	2	19,537,912	60,612	59,696	59,696	-	0.09%	65,126,374	Y	N	N	Note 12
0	The Company	WSCZ	3	19,537,912	9,219	9,080	9,080	-	0.01%	65,126,374	Y	N	N	Note 12
0	The Company	WCHQ	2	19,537,912	60,000	60,000	60,000	-	0.09%	65,126,374	Y	N	N	Note 12
1	WYHQ	WYUDE	2	904,933	78,400	-	-	-	-	1,508,222	Y	N	N	Note 12
1	WYHQ	WYKS	3	904,933	152,180	149,240	149,240	-	4.95%	1,508,222	Y	N	Y	Note 12

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed the Company's net worth, which was audited by Certified Public Accountant.

(Note 2) The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's net worth, which was audited by Certified Public Accountant.

(Note 3) The amount for guarantees and endorsements provided by the Company and its subsidiaries to other entities shall not exceed the Company's net worth, which was audited by Certified Public Accountant.

(Note 4) The amount for guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 30% of the Company's net worth, which was audited by Certified Public Accountant.

(Note 5) The credit line shared by Cowin, WZS, WAKS and WEKS amounted to USD 3,000,000.

(Note 6) The credit lines shared by WCZ and WSCZ amounted to EUR 115,000,000 and USD 1,000,000, while the maximum credit line for WSCZ was USD 300,000.

(Note 7) The credit line shared by WMKS, WTZ, WQD and WGKS amounted to USD 20,000,000, while the maximum credit line for each entity was USD 10,000,000.

(Note 8) The credit line shared by WMKS and WQD amounted to USD 20,000,000, while the maximum credit lines for WMKS and WQD amounted to USD 20,000,000 and USD 10,000,000, respectively.

(Note 9) The credit line shared by Cowin, WPH, WCZ, WMX, WITX, WYHQ, WYUDE, WAKS, WEKS, WCD and WCQ amounted to USD 150,000,000.

(Note 10) WYHQ (the operation procedure for guarantees and endorsements)

1. The total amount for guarantees and endorsements provided by WYHQ to other entities shall not exceed 50% of WYHQ's net worth, which was audited by Certified Public Accountant.
2. The total amount for guarantees and endorsements provided by WYHQ to any individual entity shall not exceed 30% of WYHQ's net worth, which was audited by Certified Public Accountant.
3. The total amount for guarantees and endorsements provided by WYHQ and its subsidiaries to other entities shall not exceed 50% of WYHQ's net worth, which was audited by Certified Public Accountant.
4. The total amount of guarantees and endorsements provided by WYHQ and its subsidiaries to any individual entity shall not exceed 30% of net worth, which was audited by Certified Public Accountant, of WYHQ.

(Note 11) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 50% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

(Note 12) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

3. Market Securities Held (excluding investment in subsidiaries, associates and joint ventures):

Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	December 31, 2017			Highest percentage of shares during the period	Notes
				Number of shares	Book value	Percentage of Ownership		
The company	Fubon Chi-Hsiang Fund	-	Available-for-sale financial assets - current	12,865	200,682	-	200,682	-
The company	Xplore	-	Available-for-sale financial assets - non-current	7	630	0.07%	630	0.07%
The company	Alpha Networks Inc.	-	Available-for-sale financial assets - non-current	19,448	462,858	4.38%	462,858	4.48%
The company	Gamania Digital Entertainment Co., Ltd.	-	Available-for-sale financial assets - non-current	1,186	100,017	0.70%	100,017	0.95%
The company	DDD Group PLC	-	Available-for-sale financial assets - non-current	9,920	-	4.93%	-	4.93%
The company	Super Dragon Technology Co., Ltd.	-	Available-for-sale financial assets - non-current	5,676	85,708	5.50%	85,708	5.50%
The company	Global Lighting Technologies Inc.	-	Available-for-sale financial assets - non-current	20,914	944,286	15.97%	944,286	15.97%
The company	Clientron Corp.	-	Available-for-sale financial assets - non-current	1,079	12,771	1.44%	12,771	1.44%
The company	FINEMAT APPLIED MATERIALS CO., LTD	-	Available-for-sale financial assets - non-current	4,739	73,023	9.60%	73,023	9.60%
The company	Howe advanced Ltd.	-	Available-for-sale financial assets - non-current	4,000	-	13.91%	-	13.91%
The company	Lilee Systems Ltd.	-	Available-for-sale financial assets - non-current	2,143	-	22.39%	-	22.46%
The company	Zeo Inc.	-	Available-for-sale financial assets - non-current	779	-	6.57%	-	6.57%
The company	Phostek Inc.	-	Available-for-sale financial assets - non-current	1,875	448	5.99%	448	5.99%
The company	Janus Technologies Inc.	-	Available-for-sale financial assets - non-current	864	-	4.02%	-	4.78%
The company	Vmedia Research	-	Available-for-sale financial assets - non-current	2,000	-	7.69%	-	7.69%
The company	Plexbio Corporation, LTD	-	Available-for-sale financial assets - non-current	1,227	4,532	2.41%	4,532	2.41%
The company	ABC-KY	-	Available-for-sale financial assets - non-current	2,800	26,163	6.02%	26,163	6.03%
The company	Tube Inc.	-	Available-for-sale financial assets - non-current	17,009	116,255	22.08%	116,255	22.08%
The company	Audio Design Experts Inc.	-	Available-for-sale financial assets - non-current	546	-	18.34%	-	18.47%
The company	Tactus Technology Inc.	-	Available-for-sale financial assets - non-current	7	-	0.12%	-	0.23%
The company	ARBOR Technology Corp.	-	Available-for-sale financial assets - non-current	4,326	114,855	6.89%	114,855	7.49%
The company	Airdog Inc.	-	Available-for-sale financial assets - non-current	3,536	-	15.18%	-	15.18%
The company	Videri Inc.	-	Available-for-sale financial assets - non-current	226	32,654	3.59%	32,654	3.59%
The company	AOpen Inc.	associates	Available-for-sale financial assets - non-current	8,497	140,193	11.89%	140,193	24.31%
The company	Scenera Inc.	-	Available-for-sale financial assets - non-current	645	-	15.52%	-	15.52%
The company	Jaico AT Fund III L.P.	-	Financial assets carried at cost - non-current	-	3,027	2.98%	-	2.98%
The company	Jaico AT Fund IV L.P.	-	Financial assets carried at cost - non-current	-	66,670	2.50%	-	2.50%
The company	IP Cathay II, L.P.	-	Financial assets carried at cost - non-current	-	136,294	6.45%	-	6.45%
The company	IP Fund Six Co., Ltd	-	Financial assets carried at cost - non-current	6,000	60,000	10.71%	-	10.71%
The company	Corsa Fund 2012, L.P.	-	Financial assets carried at cost - non-current	-	24,468	20.00%	-	20.00%

WISTRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT

Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	December 31, 2017			Highest percentage of shares during the period	Notes
				Number of shares	Book value	Percentage of Ownership		
The company	Jafco AT Fund VI L.P.	-	Financial assets carried at cost - non-current	-	248,593	6.67%	-	-
The company	Kibou Fund L.P.	-	Financial assets carried at cost - non-current	-	62,246	12.78%	-	-
The company	Timecruiser Computing Corporation	-	Financial assets carried at cost - non-current	-	91,359	-	-	-
The company	Audio Design Experts, Inc.	-	Financial assets carried at cost - non-current	-	353,635	-	-	-
The company	Lilee Systems, Ltd.	-	Financial assets carried at cost - non-current	-	151,309	-	-	-
The company	Fenox Venture Company XIV, L.P.	-	Financial assets carried at cost - non-current	-	48,564	99.00%	-	-
The company	Smartply, Inc.	-	Financial assets carried at cost - non-current	-	90,323	-	-	-
AIH	Advance Powered & Energy Semiconductor, Inc.	-	Available-for-sale financial assets - non-current	23,375	-	19.26%	-	-
ISL	Easpring Investments Well Pool Money Market Fund	-	Available-for-sale financial assets - current	579	7,825	-	7,825	-
ISL	Funbon Chi-Hsiang Fund	-	Available-for-sale financial assets - current	583	9,093	-	9,093	-
ISL	KGI Victory Money Market Fund	-	Available-for-sale financial assets - current	692	7,972	-	7,972	-
ISL	Jih Sun Money Market Fund	-	Available-for-sale financial assets - current	615	9,060	-	9,060	-
ISL	Mage Diamond Money Market Fund	-	Available-for-sale financial assets - current	644	8,034	-	8,034	-
WCHK	Dell Technologies Inc.	-	Available-for-sale financial assets - non-current	364	102,405	0.05%	102,405	-
WCL	Alpha Networks Inc.	-	Available-for-sale financial assets - non-current	5,892	92,618	0.88%	92,618	-
WCL	Howe advanced Ltd.	-	Available-for-sale financial assets - non-current	500	-	1.74%	-	-
WCL	Clientron Corp.	-	Available-for-sale financial assets - non-current	737	8,722	0.98%	8,722	-
WCL	Vmedia Research	-	Available-for-sale financial assets - non-current	324	-	1.25%	-	-
WCL	ARBOR Technology Corp.	-	Available-for-sale financial assets - non-current	1,854	49,224	2.95%	49,224	-
WCL	Umbo CV Inc.	-	Available-for-sale financial assets - non-current	1,626	5,289	3.86%	5,289	-
WCL	ABC-KY	-	Available-for-sale financial assets - non-current	1,009	9,428	2.17%	9,428	-
WCL	FII	-	Available-for-sale financial assets - non-current	1,110	1,174	15.86%	1,174	-
WCL	feelthebeat Holdings Limited	-	Available-for-sale financial assets - non-current	13	9,389	9.29%	9,389	-
WCL	AOpen Inc.	associates	Available-for-sale financial assets - non-current	1,042	14,363	1.46%	14,363	-
WCL	IP Cathay One, L.P.	-	Financial assets carried at cost - non-current	-	32,937	4.00%	-	-
WCL	AppWorks Fund II Co., Ltd	-	Financial assets carried at cost - non-current	11,000	110,000	8.15%	-	-
WCL	LUCID VR, INC.	-	Financial assets carried at cost - non-current	-	32,931	-	-	-
WCL	Bioinspira, Inc	-	Financial assets carried at cost - non-current	-	22,160	-	-	-
WCL	"An Sheng Li", RMB Financial Product-Sumitomo Mifisui Banking (China) Co., Ltd Suzhou Branch	-	Other financial assets - current	-	46,875	-	46,875	-

WISTRON COROPERATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT

Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	December 31, 2017			Highest percentage of shares during the period	Notes
				Number of shares	Book value	Percentage of Ownership		
WDH	SSIWO Technologies Limited	-	Available-for-sale financial assets - non-current	1,000	8,819	14.71%	8,819	-
Win-Smart	Keen High Technologies Ltd.	-	Available-for-sale financial assets - non-current	8,716	-	15.17%	-	-
WMH	Apollo Medical Optics Inc.	-	Available-for-sale financial assets - non-current	6,667	104,100	20.21%	104,100	-
WMH	Hukui Biotechnology Corporation	-	Available-for-sale financial assets - non-current	375	5,205	15.00%	5,205	-
WMH	Aidmics Biotechnology(Cayman) Co., Ltd.	-	Available-for-sale financial assets - non-current	15,000	14,775	16.67%	14,775	-
WMH	Spartan Bioscience Inc.	-	Available-for-sale financial assets - non-current	1,091	3,839	2.42%	3,839	-
WMH	B-Temia Inc	-	Available-for-sale financial assets - non-current	1,827	90,390	20.95%	90,390	-
WMH	Hikari Fund L.P.	-	Financial assets carried at cost - non-current	-	11,324	15.79%	11,324	-
WMKS	"An Sheng Li" RMB Financial Product-Sumitomo Mitsui Banking (China) Co.,Ltd Suzhou Branch	-	Other financial assets - current	-	228,665	-	228,665	-

WISTRON COOPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

4. Accumulated buying/selling of the same marketable securities for which the dollar amount at least \$300 million or 20% of paid-in capital :

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship with the Company	Beginning balance		Acquisition		Disposal			Ending balance		Notes
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Book value	Gain/Loss on Disposal	Shares/Units	
The company WSSG	Stock	Equity-accounted investees	Note 2	subsidiary	32,989	718,283	24,500	781,614	-	-	-	57,489	1,476,450	Note 1
The company WMH	Stock	Equity-accounted investees	Note 2	subsidiary	60,000	570,212	60,000	600,000	-	-	-	120,000	997,173	Note 1
The company Vidier Inc.	Stock	Available-for-sale financial assets - non-current	-	-	-	-	226	302,218	-	-	-	226	32,654	-
WAKS	Fund	Available-for-sale financial assets - current	-	-	-	-	105,000	480,196	481,179	480,196	1,001	-	-	-
WCD	Financial Product(RMB)	Other financial assets - current	-	-	-	-	-	365,864	367,069	365,864	1,228	-	-	-
WCD	Financial Product(RMB)	Other financial assets - current	-	-	-	-	-	3,169,754	3,174,597	3,169,754	4,934	-	-	-
WCK	"An Sheng Li" RMB Financial Product-Sumitomo Mitsui Banking (China) Co.,Ltd Suzhou Branch	Other financial assets - current	-	-	-	-	-	1,002,829	957,716	955,954	1,795	-	46,875	-
WEKS	Uphrow Morgan money market funds	Available-for-sale financial assets - current	-	-	-	-	125,000	571,663	573,353	571,663	1,722	-	-	-
WMKS	Uphrow Morgan money market funds	Available-for-sale financial assets - current	-	-	-	-	223,000	1,019,846	1,030,963	1,019,846	10,941	-	-	-
WMKS	Exclusive RMB Financial Product OF CHINA ZHESHANG BANK	Other financial assets - current	-	-	-	-	-	457,330	715,017	708,862	6,059	-	-	-
WMKS	"An Sheng Li" RMB Financial Product-Sumitomo Mitsui Banking (China) Co.,Ltd Suzhou Branch	Other financial assets - current	-	-	-	-	-	493,916	267,496	265,251	2,209	-	228,665	-
WOK	Uphrow Morgan money market funds	Available-for-sale financial assets - current	-	-	-	-	171,000	782,034	783,166	782,034	1,113	-	-	-
WSSG	WIN	Equity-accounted investees	Note 2	subsidiary	11,095	848,773	3,249	781,614	-	-	-	14,344	1,570,939	Note 1
WTZS	Uphrow Morgan money market funds	Available-for-sale financial assets - current	-	-	-	-	402,500	1,840,753	1,845,125	1,840,753	4,302	-	-	-
WYHQ	CTBC Hua-Win Money Market Fund	Available-for-sale financial assets - current	-	-	33,006	360,274	32,952	360,000	720,630	720,147	483	-	-	-
WYHQ	Nomura Taiwan Money Market Fund	Available-for-sale financial assets - current	-	-	22,273	360,000	35,862	580,000	940,342	940,000	342	-	-	-
WYHQ	WYUDE	Equity-accounted investees	Note 2	subsidiary	10	34,459	9,000	271,955	-	-	-	9,010	319,416	Note 1
WZS	Uphrow Morgan money market funds	Available-for-sale financial assets - current	-	-	-	-	1,685,100	7,706,468	7,715,946	7,706,468	9,657	-	-	-
WZS	"An Sheng Li" RMB Financial Product-Sumitomo Mitsui Banking (China) Co.,Ltd Suzhou Branch	Other financial assets - current	-	-	-	-	-	4,411,405	4,415,409	4,411,405	4,079	-	-	-

(Note 1): The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Note 2): Issuance of common stock for cash.

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

5. Acquisition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital : None.
6. Disposition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital : None.
7. Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital :

Company Name	Related Party	Relationship	Transaction details			Abnormal Transaction			Account/note receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total accounts / notes receivable (payable)	
The company	AIHH	Parent-subsiadiary company	Sales	150,106,296	19.61%	OA90	-	-	29,127,795	11.83%	Note
The company	WYHQ	Parent-subsiadiary company	Sales	28,222,421	3.69%	OA90	-	-	11,163,961	4.54%	Note
The company	WITX	Parent-subsiadiary company	Sales	26,449,644	3.46%	OA120	-	-	13,496,514	5.48%	Note
The company	WITX	Parent-subsiadiary company	Sales	1,981,026	0.26%	OA90	-	-	1,136,970	0.46%	Note
The company	WIN	Parent-subsiadiary company	Sales	1,517,600	0.20%	OA120	-	-	819,717	0.33%	Note
The company	WCZ	Parent-subsiadiary company	Sales	1,272,018	0.17%	OA120	-	-	3,454,644	1.40%	Note
The company	WSSG	Parent-subsiadiary company	Sales	1,175,321	0.15%	OA90	-	-	439,812	0.18%	Note
The company	WSCZ	Parent-subsiadiary company	Sales	1,004,711	0.13%	OA90	-	-	767,000	0.31%	Note
The company	WJP	Parent-subsiadiary company	Sales	765,623	0.10%	OA90	-	-	360,398	0.15%	Note
The company	WMKS	Parent-subsiadiary company	Sales	590,530	0.08%	OA90	-	-	96,247	0.04%	Note
The company	WEKS	Parent-subsiadiary company	Purchases	220,691,172	29.75%	OA90	-	-	(76,213,716)	32.13%	Note
The company	COWIN	Parent-subsiadiary company	Purchases	169,045,657	22.79%	OA90	-	-	(44,512,444)	18.76%	Note
The company	WCD	Parent-subsiadiary company	Purchases	116,137,030	15.66%	OA30	-	-	(20,932,731)	8.82%	Note
The company	WCQ	Parent-subsiadiary company	Purchases	94,484,625	12.74%	OA90	-	-	(23,766,680)	10.02%	Note
The company	WAKS	Parent-subsiadiary company	Purchases	58,499,955	7.89%	OA90	-	-	(8,833,195)	3.72%	Note
The company	WOK	Parent-subsiadiary company	Purchases	52,157,342	7.03%	OA90	-	-	(5,450,918)	2.30%	Note
The company	WSCQ	Parent-subsiadiary company	Purchases	3,646,012	0.49%	OA60	-	-	(1,111,380)	0.47%	Note
The company	WSKS	Parent-subsiadiary company	Purchases	3,576,625	0.48%	OA60	-	-	(282,097)	0.12%	Note
The company	WITZ	Parent-subsiadiary company	Purchases	1,130,115	0.15%	OA60	-	-	(222,023)	0.09%	Note
The company	WPH	Parent-subsiadiary company	Purchases	742,635	0.10%	OA30	-	-	(61,815)	0.03%	Note
The company	WITX	Parent-subsiadiary company	Purchases	389,758	0.05%	OA60	-	-	(9,866)	0.00%	Note
The company	WSSG	Parent-subsiadiary company	Purchases	116,223	0.02%	OA60	-	-	(10,055)	0.00%	Note
AIHH	COWIN	Related company	Sales	434,983	0.28%	OA90	-	-	93,114	0.37%	Note
AIHH	WAKS	Related company	Sales	326,990	0.21%	OA90	-	-	32,163	0.13%	Note
AIHH	WCQ	Related company	Sales	3,907,267	2.51%	OA90	-	-	472,129	1.85%	Note
AIHH	WCD	Related company	Sales	119,006	0.08%	OA90	-	-	3,770	0.01%	Note
AIHH	The company	Parent-subsiadiary company	Purchases	150,106,296	97.12%	OA90	-	-	(29,127,795)	97.61%	Note
COWIN	WPH	Related company	Sales	188,333	0.11%	OA90	-	-	59,198	0.06%	Note
COWIN	The company	Parent-subsiadiary company	Sales	169,045,657	97.62%	OA90	-	-	44,512,444	41.78%	Note
COWIN	WITZS	Related company	Sales	1,751,515	1.01%	OA90	-	-	537,690	0.56%	Note
COWIN	WCD	Related company	Sales	2,079,047	1.20%	OA90	-	-	769,118	0.80%	Note
COWIN	WZS	Parent-subsiadiary company	Purchases	172,958,591	100.00%	OA90	-	-	(60,107,819)	71.58%	Note
WAKS	AIHH	Related company	Purchases	326,990	0.55%	OA90	-	-	(32,163)	0.23%	Note
WAKS	WITZ	Related company	Purchases	108,039	0.19%	OA90	-	-	(29,216)	0.21%	Note

**WISTRON COOPERATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT**

Company Name	Related Party	Relationship	Transaction details			Abnormal Transaction			Account/note receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total accounts / notes receivable (payable)	
WAKS	The company	Parent-subsiidiary company	Sales	58,499,955	96.55%	OA90	-	-	8,833,195	94.91%	Note
WAKS	WSKS	Related company	Sales	1,884,196	3.10%	OA60	-	-	424,090	4.58%	Note
WBR	WYUIDE	Related company	Purchases	136,228	32.79%	OA90	-	-	(131,302)	50.94%	Note
WCD	The company	Parent-subsiidiary company	Sales	116,137,030	99.20%	OA30	-	-	20,932,731	99.28%	Note
WCD	WSKS	Related company	Sales	879,147	0.75%	OA60	-	-	149,106	0.71%	Note
WCD	COWIN	Related company	Purchases	2,079,047	1.81%	OA90	-	-	(769,118)	4.00%	Note
WCD	WTZ	Related company	Purchases	980,809	0.86%	OA90	-	-	(217,109)	1.10%	Note
WCD	HTK	Associates	Purchases	228,436	0.20%	OA120	-	-	(112,118)	0.60%	-
WCD	WNC	Associates	Purchases	150,868	0.13%	OA90	-	-	(73,427)	0.40%	-
WCD	AIH	Related company	Purchases	119,006	0.10%	OA90	-	-	(3,770)	0.00%	Note
WCH	The company	Parent-subsiidiary company	Sales	167,485	99.79%	OA60	-	-	-	-	Note
WCQ	AIH	Related company	Purchases	3,907,267	4.20%	OA90	-	-	(472,129)	1.85%	Note
WCQ	WSKS	Related company	Purchases	354,922	0.38%	OA60	-	-	(8,352)	0.03%	Note
WCQ	The company	Parent-subsiidiary company	Sales	94,484,625	99.50%	OA90	-	-	23,766,680	99.42%	Note
WCQ	WSCQ	Related company	Sales	368,916	0.39%	OA90	-	-	121,602	0.51%	Note
WCZ	The company	Parent-subsiidiary company	Purchases	1,272,018	7.83%	OA120	-	-	(3,454,644)	71.94%	Note
WCZ	WYHQ	Related company	Sales	10,463,178	78.36%	OA60	-	-	2,462,334	84.22%	Note
WCZ	WYUIDE	Related company	Purchases	1,346,637	8.29%	OA60	-	-	(41,521)	0.87%	Note
WCZ	WYUIDE	Related company	Sales	583,483	4.37%	OA60	-	-	341,875	11.69%	Note
WEKS	The company	Parent-subsiidiary company	Sales	220,691,172	99.99%	OA90	-	-	76,213,716	99.99%	Note
WIN	The company	Parent-subsiidiary company	Purchases	1,517,600	56.24%	OA120	-	-	(819,717)	77.27%	Note
WITX	The company	Parent-subsiidiary company	Purchases	26,449,644	95.62%	OA120	-	-	(13,496,514)	99.84%	Note
WJP	The company	Parent-subsiidiary company	Purchases	765,623	99.72%	OA90	-	-	(360,398)	98.01%	Note
WMKS	The company	Parent-subsiidiary company	Purchases	590,530	35.92%	OA90	-	-	(96,247)	46.79%	Note
WMX	WTT	Related company	Sales	344,354	41.34%	OA90	-	-	44,825	39.53%	Note
WMX	WYUIDE	Related company	Sales	440,141	52.83%	OA90	-	-	57,940	51.09%	Note
WOK	The company	Parent-subsiidiary company	Sales	52,157,342	99.88%	OA90	-	-	5,450,918	98.72%	Note
WOSH	WTZ	Related company	Purchases	912,263	99.50%	OA60	-	-	(326,064)	69.35%	Note
WPH	The company	Parent-subsiidiary company	Sales	742,635	73.88%	OA30	-	-	61,815	64.90%	Note
WPH	WSKS	Related company	Sales	113,344	13.42%	OA60	-	-	14,679	12.90%	Note
WPH	COWIN	Related company	Purchases	188,333	36.32%	OA90	-	-	(59,198)	45.12%	Note
WRKS	The company	Parent-subsiidiary company	Sales	414,641	100.00%	OA30	-	-	39,608	100.00%	Note
WSCQ	The company	Parent-subsiidiary company	Sales	3,646,012	99.99%	OA60	-	-	1,111,380	99.99%	Note
WSCQ	WCQ	Related company	Purchases	368,916	7.92%	OA90	-	-	(121,602)	9.88%	Note
WSCZ	The company	Parent-subsiidiary company	Purchases	1,004,711	89.14%	OA90	-	-	(767,000)	64.84%	Note
WSKS	WPH	Related company	Purchases	113,344	4.02%	OA60	-	-	(11,4679)	2.13%	Note
WSKS	WAKS	Related company	Purchases	1,884,196	54.83%	OA60	-	-	(424,090)	61.57%	Note
WSKS	WCD	Related company	Purchases	879,147	25.51%	OA60	-	-	(149,106)	21.63%	Note

**WISTRON COROPERATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT**

Company Name	Related Party	Relationship	Transaction details			Abnormal Transaction			Account/note receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total accounts / notes receivable (payable)	
WSKS	The company	Parent-subsiadiary company	Sales	3,576,625	87.01%	OA60	-	-	282,097	86.93%	Note
WSKS	WCO	Related company	Sales	354,922	8.47%	OA60	-	-	8,352	2.47%	Note
WSMX	WTX	Related company	Purchases	173,336	40.97%	OA60	-	-	(25,797)	28.05%	Note
WSSG	The company	Parent-subsiadiary company	Purchases	1,175,321	29.74%	OA90	-	-	(439,812)	62.81%	Note
WSSG	The company	Parent-subsiadiary company	Sales	116,223	3.01%	OA60	-	-	10,055	1.19%	Note
WTX	The company	Parent-subsiadiary company	Purchases	1,981,026	58.24%	OA90	-	-	(1,136,970)	86.51%	Note
WTX	The company	Parent-subsiadiary company	Sales	389,758	6.97%	OA60	-	-	9,866	1.10%	Note
WTX	WSMX	Related company	Sales	173,336	3.32%	OA60	-	-	25,797	2.88%	Note
WTX	WBR	Related company	Sales	123,700	2.37%	OA60	-	-	52,321	5.83%	Note
WTZ	The company	Parent-subsiadiary company	Sales	1,130,115	27.11%	OA60	-	-	222,023	19.74%	Note
WTZ	WAKS	Related company	Sales	108,039	2.61%	OA90	-	-	29,216	2.66%	Note
WTZ	WOSH	Related company	Sales	912,263	22.03%	OA60	-	-	326,064	29.67%	Note
WTZ	WGD	Related company	Sales	980,809	23.69%	OA90	-	-	217,109	19.76%	Note
WTZ	COWIN	Related company	Purchases	1,751,515	84.17%	OA90	-	-	(537,690)	82.43%	Note
WTZS	WZS	Related company	Purchases	353,295	15.79%	OA90	-	-	(117,628)	17.48%	Note
WYHK	WYHQ	Parent-subsiadiary company	Purchases	610,152	100.00%	OA90	-	-	(605,721)	100.00%	Note
WYHQ	WYUDE	Parent-subsiadiary company	Sales	15,920,425	48.37%	OA120	-	-	4,111,236	43.55%	Note
WYHQ	WCZ	Related company	Purchases	11,066,953	38.39%	OA60	-	-	(2,475,236)	31.04%	Note
WYHQ	The company	Parent-subsiadiary company	Purchases	17,711,806	61.43%	OA90	-	-	(5,330,357)	66.85%	Note
WYHQ	WYJP	Parent-subsiadiary company	Sales	1,039,487	3.16%	OA90	-	-	195,410	2.07%	Note
WYHQ	WYKR	Parent-subsiadiary company	Sales	515,486	1.57%	OA90	-	-	413,811	4.38%	Note
WYHQ	WYHK	Parent-subsiadiary company	Sales	610,152	1.85%	OA90	-	-	605,721	6.42%	Note
WYHQ	WYKS	Parent-subsiadiary company	Sales	629,650	1.91%	OA90	-	-	62,5864	6.63%	Note
WYJP	WYHQ	Parent-subsiadiary company	Purchases	1,039,487	100.00%	OA90	-	-	(195,410)	100.00%	Note
WYKR	WYHQ	Parent-subsiadiary company	Purchases	515,486	100.00%	OA90	-	-	(413,811)	100.00%	Note
WYKS	WYHQ	Parent-subsiadiary company	Purchases	629,650	100.00%	OA90	-	-	(625,864)	100.00%	Note
WYUDE	WCZ	Related company	Purchases	613,086	0.83%	OA90	-	-	(343,666)	2.68%	Note
WYUDE	WYHQ	Parent-subsiadiary company	Purchases	15,920,425	19.35%	OA120	-	-	(4,111,236)	40.38%	Note
WYUDE	WBR	Related company	Sales	133,771	0.19%	OA90	-	-	13,1303	3.85%	Note
WYUDE	The company	Related company	Purchases	9,414,097	11.44%	OA90	-	-	(5,694,507)	44.42%	Note
WZS	LYZ	Associates	Purchases	555,106	0.33%	OA120	-	-	(271,485)	0.39%	-
WZS	COWIN	Parent-subsiadiary company	Purchases	104,923,480	62.27%	OA90	-	-	(54,278,508)	78.27%	Note
WZS	HYZS	Associates	Purchases	282,744	0.17%	OA60	-	-	(70,902)	0.10%	-
WZS	YZS	Associates	Purchases	142,637	0.08%	OA90	-	-	(50,448)	0.07%	-
WZS	COWIN	Parent-subsiadiary company	Sales	172,958,591	98.41%	OA90	-	-	60,107,819	98.89%	Note
WZS	WTZS	Related company	Sales	353,295	0.20%	OA90	-	-	117,628	0.19%	Note

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

**WISTRON COROPERATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT**

8. Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital :

Company Name	Related Party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Amounts Received in Subsequent Period	Allowances for bad debt	Note
					Amount	Action taken			
The Company	WEKS	Parent-subsiary company	87,520,249	-	-	-	22,661,644	-	Note
The Company	AIH	Parent-subsiary company	29,127,795	560.64%	805	Collecting	13,419,661	-	Note
The Company	WCO	Parent-subsiary company	19,237,567	0.29%	-	-	8,951,642	-	Note
The Company	COWIN	Parent-subsiary company	14,227,007	0.36%	-	-	2,094,081	-	Note
The Company	WITX	Parent-subsiary company	13,496,514	233.44%	6,136,430	Collecting	3,744,248	-	Note
The Company	WYHQ	Parent-subsiary company	11,163,961	472.79%	-	-	4,530,102	-	Note
The Company	WOK	Parent-subsiary company	8,809,411	-	-	-	6,726,839	-	Note
The Company	WAKS	Parent-subsiary company	4,338,135	0.50%	-	-	825,507	-	Note
The Company	WCZ	Parent-subsiary company	3,454,644	67.39%	85	Collecting	-	-	Note
The Company	WCD	Parent-subsiary company	1,632,952	-	-	-	17	-	Note
The Company	WTX	Parent-subsiary company	1,136,970	271.92%	470,514	Collecting	248,991	-	Note
The Company	WTZ	Parent-subsiary company	936,661	-	347,258	Collecting	62,136	-	Note
The Company	WIN	Parent-subsiary company	819,717	355.77%	59,622	Collecting	125,229	-	Note
The Company	WSCZ	Parent-subsiary company	767,000	259.45%	-	-	124,214	-	Note
The Company	WSSG	Parent-subsiary company	439,812	444.49%	118	Collecting	197	-	Note
The Company	WJIP	Parent-subsiary company	360,398	240.71%	150,061	Collecting	72,807	-	Note
AIH	The Company	Parent-subsiary company	245,000	1.04%	-	-	-	-	Note
AIH	WCO	Related company	472,129	816.36%	-	-	-	-	Note
COWIN	WZS	Parent-subsiary company	54,278,508	0.23%	27,769,336	Collecting	-	-	Note
COWIN	The Company	Parent-subsiary company	44,512,444	435.98%	7,693	Collecting	-	-	Note
COWIN	WTZS	Related company	537,690	369.93%	9,570	Collecting	-	-	Note
COWIN	WCD	Related company	769,118	332.25%	169,723	Collecting	-	-	Note
WAKS	The Company	Parent-subsiary company	8,833,195	62.53%	-	-	-	-	Note
WAKS	WKS	Related company	424,090	77.65%	-	-	-	-	Note
WCD	The Company	Parent-subsiary company	20,932,731	601.42%	-	-	-	-	Note
WCD	WKS	Related company	149,106	421.05%	-	-	-	-	Note
WCO	The Company	Parent-subsiary company	23,766,680	452.11%	-	-	-	-	Note
WCO	WSCQ	Related company	121,602	595.46%	-	-	-	-	Note
WCZ	WYHQ	Related company	2,462,334	502.49%	393,405	Collecting	-	-	Note
WCZ	WYUDE	Related company	341,875	365.42%	-	-	-	-	Note
WEKS	The Company	Parent-subsiary company	76,213,716	391.29%	-	-	-	-	Note
WITX	The Company	Parent-subsiary company	1,249,375	6.27%	-	-	-	-	Note

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

Company Name	Related Party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Amounts Received in Subsequent Period	Allowances for bad debt	Note
					Amount	Action taken			
WOK	The Company	Parent-subidiary company	5,450,918	500.20%	-	-	-	-	Note
WSCQ	The Company	Parent-subidiary company	1,111,380	639.72%	-	-	-	-	Note
WSKS	The Company	Parent-subidiary company	282,097	727.73%	-	-	-	-	Note
WTZ	The Company	Parent-subidiary company	222,023	356.26%	-	-	-	-	Note
WTZ	WOSH	Related company	326,064	549.24%	189,917	Collecting	-	-	Note
WTZ	WCID	Related company	217,109	385.02%	-	-	-	-	Note
WTZS	The Company	Parent-subidiary company	1,55,308	395.88%	-	-	-	-	Note
WYHQ	WYUJDE	Parent-subidiary company	4,111,236	459.72%	-	-	-	-	Note
WYHQ	WYJP	Parent-subidiary company	195,410	1063.90%	-	-	-	-	Note
WYHQ	WYKR	Parent-subidiary company	413,811	199.04%	23,760	Collecting	-	-	Note
WYHQ	WYHK	Parent-subidiary company	605,721	201.43%	885	Collecting	-	-	Note
WYHQ	WYKS	Parent-subidiary company	625,864	201.22%	515,115	Collecting	-	-	Note
WYUJDE	WBR	Related company	131,303	200.00%	-	-	-	-	Note
WZS	COWIN	Parent-subidiary company	60,107,819	353.42%	14,788,096	Collecting	-	-	Note
WZS	WTZS	Related company	117,628	310.59%	51,981	Collecting	-	-	Note
Other receivable									
The Company	WPH	Parent-subidiary company	522,469	-	-	-	-	-	Note
The Company	WITX	Parent-subidiary company	118,024	-	46,485	Collecting	46,449	-	Note
AIH	The Company	Parent-subidiary company	280,582	-	-	-	-	-	Note
COWIN	The Company	Parent-subidiary company	303,765	-	-	-	-	-	Note
WAKS	WOSH	Related company	141,820	-	-	-	-	-	Note
WAKS	WTZ	Related company	2,835,924	-	-	-	-	-	Note
WAKS	WGKS	Related company	591,066	-	-	-	-	-	Note
WAKS	WSCQ	Related company	895,555	-	-	-	-	-	Note
WCQ	WTZ	Related company	2,985,183	-	-	-	-	-	Note
WITT	WITX	Related company	106,449	-	-	-	-	-	Note
WYHQ	COWIN	Related company	464,485	-	51,987	Collecting	-	-	Note
WYHQ	WYUJDE	Parent-subidiary company	6,765,354	-	-	-	-	-	Note
WYUJDE	WYHQ	Parent-subidiary company	153,289	-	-	-	-	-	Note

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

9.Derivative transactions: Please refer to Note 6(b) for related information.

**WISTRON COOPERATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT**

10. Business relationships and significant inter-company transactions:

No.	Company Name	Related Party	Existing relationship with counter-party (Note 1)	Transaction details during 2017				Percentage of consolidated sales revenue and total assets (Note 2)
				Financial Statements Item	Amount	Payment Terms		
0	The Company	AIH	1	Sales	150,106,296	OA90	17.95%	
0	The Company	WYHQ	1	Sales	28,222,421	OA90	3.38%	
0	The Company	WITX	1	Sales	26,449,644	OA120	3.16%	
0	The Company	WTX	1	Sales	1,981,026	OA90	0.24%	
0	The Company	WIN	1	Sales	1,517,600	OA120	0.18%	
0	The Company	WCZ	1	Sales	1,272,018	OA120	0.15%	
0	The Company	WSSG	1	Sales	1,175,321	OA90	0.14%	
0	The Company	WSCZ	1	Sales	1,004,711	OA90	0.12%	
0	The Company	WJP	1	Sales	765,623	OA90	0.09%	
0	The Company	WMKS	1	Sales	590,530	OA90	0.07%	
0	The Company	WEKS	1	Account Receivable	87,520,249	OA120	26.79%	
0	The Company	AIH	1	Account Receivable	29,127,795	OA90	8.92%	
0	The Company	WCQ	1	Account Receivable	19,237,567	OA90	5.89%	
0	The Company	COWIN	1	Account Receivable	14,227,007	OA120	4.36%	
0	The Company	WITX	1	Account Receivable	13,496,514	OA120	4.13%	
0	The Company	WYHQ	1	Account Receivable	11,163,961	OA90	3.42%	
0	The Company	WOK	1	Account Receivable	8,809,411	OA90	2.70%	
0	The Company	WAKS	1	Account Receivable	4,338,135	OA120	1.33%	
0	The Company	WCZ	1	Account Receivable	3,454,644	OA120	1.06%	
0	The Company	WCD	1	Account Receivable	1,632,952	OA60	0.50%	
0	The Company	WTX	1	Account Receivable	1,136,970	OA90	0.35%	
0	The Company	WTZ	1	Account Receivable	936,661	OA90	0.29%	
0	The Company	WIN	1	Account Receivable	819,717	OA120	0.25%	
0	The Company	WSCZ	1	Account Receivable	767,000	OA90	0.23%	
0	The Company	WSSG	1	Account Receivable	439,812	OA90	0.13%	
0	The Company	WJP	1	Account Receivable	360,398	OA90	0.11%	
1	AIH	WCQ	3	Sales	3,907,267	OA90	0.47%	
1	AIH	COWIN	3	Sales	434,983	OA90	0.05%	
1	AIH	WAKS	3	Sales	326,990	OA90	0.04%	
1	AIH	WCD	3	Sales	119,006	OA90	0.01%	
1	AIH	WCQ	3	Account Receivable	472,129	OA90	0.14%	
1	AIH	The Company	2	Account Receivable	245,000	OA90	0.08%	
2	COWIN	The Company	2	Sales	169,045,657	OA90	20.22%	
2	COWIN	WCD	3	Sales	2,079,047	OA90	0.25%	
2	COWIN	WTZS	3	Sales	1,751,515	OA90	0.21%	
2	COWIN	WPH	3	Sales	188,333	OA90	0.02%	
2	COWIN	WZS	3	Account Receivable	54,278,508	OA90	16.62%	
2	COWIN	The Company	2	Account Receivable	44,512,444	OA90	13.63%	
2	COWIN	WCD	3	Account Receivable	769,118	OA90	0.24%	
2	COWIN	WTZS	3	Account Receivable	537,690	OA90	0.16%	

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

No.	Company Name	Related Party	Existing relationship with counter-party (Note 1)	Transaction details during 2017				Percentage of consolidated sales revenue and total assets (Note 2)
				Financial Statements Item	Amount	Payment Terms		
3	WAKS	The Company	2	Account Receivable	8,833,195	OA90	2.70%	
3	WAKS	WSKS	3	Account Receivable	424,090	OA60	0.13%	
4	WCD	The Company	2	Sales	116,137,030	OA30	13.89%	
4	WCD	WSKS	3	Sales	879,147	OA60	0.11%	
4	WCD	The Company	2	Account Receivable	20,932,731	OA30	6.41%	
4	WCD	WSKS	3	Account Receivable	149,106	OA60	0.05%	
5	WCH	The Company	2	Sales	167,485	OA60	0.02%	
6	WCQ	The Company	2	Sales	94,484,625	OA90	11.30%	
6	WCQ	WSCQ	3	Sales	368,916	OA90	0.04%	
6	WCQ	The Company	2	Account Receivable	23,766,680	OA90	7.28%	
6	WCQ	WSCQ	3	Account Receivable	121,602	OA90	0.04%	
7	WCZ	WYHQ	3	Sales	10,463,178	OA60	1.25%	
7	WCZ	WYUDE	3	Sales	583,483	OA60	0.07%	
7	WCZ	WYHQ	3	Account Receivable	2,462,334	OA60	0.75%	
7	WCZ	WYUDE	3	Account Receivable	341,875	OA60	0.10%	
8	WEKS	The Company	2	Sales	220,691,172	OA90	26.40%	
8	WEKS	The Company	2	Account Receivable	76,213,716	OA90	23.33%	
9	WITX	The Company	2	Account Receivable	1,249,375	OA90	0.38%	
10	WMX	WYUDE	3	Sales	440,141	OA90	0.05%	
10	WMX	WITT	3	Sales	344,354	OA90	0.04%	
11	WOK	The Company	2	Sales	52,157,342	OA90	6.24%	
11	WOK	The Company	2	Account Receivable	5,450,918	OA90	1.67%	
12	WPH	The Company	2	Sales	742,635	OA30	0.09%	
12	WPH	WSKS	3	Sales	113,344	OA60	0.01%	
13	WRKS	The Company	2	Sales	414,641	OA30	0.05%	
14	WSCQ	The Company	2	Sales	3,646,012	OA60	0.44%	
14	WSCQ	The Company	2	Account Receivable	1,111,380	OA60	0.34%	
15	WSKS	The Company	2	Sales	3,576,625	OA60	0.43%	
15	WSKS	WCQ	3	Sales	354,922	OA60	0.04%	
15	WSKS	The Company	2	Account Receivable	282,097	OA60	0.09%	
16	WSSG	The Company	2	Sales	116,223	OA60	0.01%	
17	WTX	The Company	2	Sales	389,758	OA60	0.05%	
17	WTX	WSMX	3	Sales	173,336	OA60	0.02%	
17	WTX	WBR	3	Sales	123,700	OA60	0.01%	
18	WITZ	The Company	2	Sales	1,130,115	OA60	0.14%	
18	WITZ	WCD	3	Sales	980,809	OA90	0.12%	
18	WITZ	WOSH	3	Sales	912,263	OA60	0.11%	
18	WITZ	WAKS	3	Sales	108,039	OA90	0.01%	
18	WITZ	WOSH	3	Account Receivable	326,064	OA60	0.10%	
18	WITZ	The Company	2	Account Receivable	222,023	OA60	0.07%	

**WISTRON COROPERATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT**

No.	Company Name	Related Party	Existing relationship with counter-party (Note 1)	Transaction details during 2017				Percentage of consolidated sales revenue and total assets (Note 2)
				Financial Statements Item	Amount	Payment Terms		
20	WYHQ	WYUDE	3	Sales	15,920,425	OA120	1.90%	
20	WYHQ	WYJP	3	Sales	1,039,487	OA90	0.12%	
20	WYHQ	WYKS	3	Sales	629,650	OA90	0.08%	
20	WYHQ	WYHK	3	Sales	610,152	OA90	0.07%	
20	WYHQ	WYKR	3	Sales	515,486	OA90	0.06%	
20	WYHQ	WYUDE	3	Account Receivable	4,111,236	OA120	1.26%	
20	WYHQ	WYKS	3	Account Receivable	625,864	OA90	0.19%	
20	WYHQ	WYHK	3	Account Receivable	605,721	OA90	0.19%	
20	WYHQ	WYKR	3	Account Receivable	413,811	OA90	0.13%	
20	WYHQ	WYJP	3	Account Receivable	195,410	OA90	0.06%	
21	WYUDE	WBR	3	Sales	133,771	OA90	0.02%	
21	WYUDE	WBR	3	Account Receivable	131,303	OA90	0.04%	
22	WZS	COWIN	3	Sales	172,958,591	OA90	20.69%	
22	WZS	WTZS	3	Sales	353,295	OA90	0.04%	
22	WZS	COWIN	3	Account Receivable	60,107,819	OA90	18.40%	
22	WZS	WTZS	3	Account Receivable	117,628	OA90	0.04%	

Note 1: Relationship :

- 1.transactions between parent company and subsidiary
- 2.transactions between subsidiary and parent company
- 3.transactions between subsidiary and subsidiary

Note 2: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets

Note 3: The section only discloses the information of sales and accounts receivable of inter-company transactions, as well as the purchase and accounts payable of counter-party.

**WISTRON COROPERATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT**

(b) Information on investees (excluding investees in Mainland china):

For the year ended December 31, 2017, the following is the information on investees

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			The highest percentage of the periods	Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	ratio of shares	Book value				
The company	WMX	Mexico	assembly and installation of LCD TV	2,851,329	4,664,367	678,943	100.00%	2,398,205	(34,226)	(34,226)	Note	
The company	WTX	U.S.A.	Customer service and sale	386,196	386,196	4,833	100.00%	1,306,832	91,752	91,752	Note	
The company	AHH	B.V.I.	Investment and holding, sale of information and communication equipment and components	6,041,478	6,041,478	347,486	100.00%	5,070,261	-	-	Note	
The company	COWIN	B.V.I.	Investment and holding, sale of information and communication equipment and components	6,030,379	6,030,379	188,394	100.00%	12,516,776	668,914	668,914	Note	
The company	Win Smart	B.V.I.	Investment and holding	11,900,251	11,900,251	384,065	100.00%	28,268,692	(233,504)	(233,504)	Note	
The company	WCL	Taiwan	Investment consultant and business management consultant	1,197,000	1,197,000	-	100.00%	1,499,120	48,377	48,377	Note	
The company	ISL	Taiwan	Safety and EMI test	14,603	14,603	2,094	100.00%	52,702	3,548	3,548	Note	
The company	WPH	Philippines	Customer service and sale	2,853,068	2,853,068	139,567	100.00%	209,859	71,303	71,303	Note	
The company	WLLC	U.S.A.	Investment and holding	1,682,824	1,682,824	5,436	100.00%	2,080,018	52,868	52,868	Note	
The company	WVS	B.V.I.	Investment and holding	398,221	398,221	12,005	100.00%	434,106	72,744	72,744	Note	
The company	WEH	Netherlands	Investment and holding	1,421,024	1,421,024	-	99.99%	412,402	(150,841)	(150,841)	Note	
The company	WBR	Brazil	Customer service	623,794	623,794	37,243	99.99%	440,513	60,366	60,366	Note	
The company	WTR	Turkey	Customer service	46,650	46,650	22	99.90%	75,501	8,128	8,128	Note	
The company	WGTX	U.S.A.	Recycling service of information technology products	859,795	859,795	13	100.00%	109,157	(13,110)	(13,110)	Note	
The company	WGHK	Hong Kong	Investment and holding	1,003,476	1,003,476	33,500	100.00%	317,251	(53,261)	(53,261)	Note	
The company	WMY	Malaysia	assembly and installation of LCD TV	775,360	775,360	80,000	100.00%	404,687	(28,993)	(28,993)	Note	
The company	WSMX	Mexico	Customer service	89,134	89,134	36,429	100.00%	(60,594)	(6,111)	(6,111)	Note	
The company	WSCO	Colombia	Customer service	91,561	91,561	559	100.00%	58,895	(15,950)	(15,950)	Note	
The company	WCH	U.S.A.	R&D	589,520	589,520	20	100.00%	613,501	(195,805)	(195,805)	Note	
The company	WYHQ	Taiwan	Research, development, sale, and service of information products	491,460	500,265	55,818	52.62%	1,587,254	1,208,482	663,167	Note	
The company	WEDH	Seychelles	Investment and holding	59,760	59,760	2,000	100.00%	(98,772)	(6,403)	(6,403)	Note	
The company	WCHK	Hong Kong	Investment and holding	225,494	225,494	38,446	100.00%	102,772	(74,707)	(74,707)	Note	
The company	WCHQ	Taiwan	Sale and maintenance of computer products and electronic information products	10,000	10,000	1,000	100.00%	(1,901)	(9,220)	(9,220)	Note	
The company	WCZ	Czech Rep.	Production, installation and repairing of electronic appliances	789,793	789,793	-	100.00%	1,524,231	239,838	239,838	Note	
The company	WEHK	Hong Kong	Investment and holding, development of internet platform, provide, sale, and consultancy of the application service	247,954	247,442	11,426	100.00%	(48,987)	(101,957)	(91,181)	Note	
The company	AGI	Taiwan	Storage equipment, digital monitoring system, sales of digital multimedia, and related consultancy service	296,148	296,148	3,019	99.95%	22,629	139	138	Note	
The company	WSSG	Singapore	Customer service	1,864,775	1,083,161	57,489	100.00%	1,476,450	(18,455)	(18,455)	Note	
The company	WDH	Taiwan	Investment and holding	600,000	600,000	60,508	100.00%	609,082	32,486	32,486	Note	
The company	WMH	Taiwan	Investment and holding	1,200,000	600,000	120,000	100.00%	997,173	(52,618)	(52,618)	Note	

**WISTRON COROPERATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT**

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			The highest percentage of the periods	Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	ratio of shares	Book value				
The company	WSTH	Thailand	Maintenance of computer products	8,652	8,652	3,799	100.00%	8,402	(187)	(187)	Note	
The company	ANC	U.S.A.	Sales and maintenance of mobile phone	22,808	3,206	75	100.00%	23,092	2,738	2,738	Note	
The company	WSSL	Chile	Maintenance of computer products	31,709	31,709	-	100.00%	24,347	(4,784)	(4,784)	Note	
The company	WTS	U.S.A.	Development of new business and customer service	3,022	-	10	100.00%	2,985	-	-	Note	
The company	JLH	Taiwan	Sale of audio system of vehicle and components	578,889	578,889	57,889	41.03%	87,893	(147,465)	(60,505)	-	
The company	WNC	Taiwan	Manufacturing and sale of wireless receiver products	586,286	586,286	88,036	24.00%	3,420,511	2,063,690	499,310	-	
The company	Super Elite	Mauritius	Investment and holding	80,802	80,802	1,725	23.90%	19,514	23,978	5,726	-	
The company	TPE	Taiwan	Wholesale and retail of electronic material	20,943	-	2,088	23.90%	25,287	18,223	4,355	-	
The company	ISGTG	Seychelles	Research and design and sale of information technology products	160,025	160,025	5	40.00%	-	-	-	-	
The company	ISGTC	Hong Kong	Research and design and sale of information technology products	160,000	160,000	5	40.00%	-	-	-	-	
The company	HCL	B.V.I.	Investment and holding	96,045	96,045	-	30.00%	73,769	740	222	-	
The company	MAYA	Taiwan	Information integration of medical clinic	15,990	15,990	557	15.75%	9,553	(14,523)	(2,218)	-	
The company	Formosa Prosonic Industries Berhad	Malaysia	Manufacturing of audio and hooter	513,565	513,565	69,260	28.00%	421,313	225,966	68,440	-	
The company	Smartply Inc.	U.S.A.	Management of internet optimization	62,710	62,710	2,724	26.75%	46,964	(60,421)	(16,000)	-	
The company	Optemus Electronics Limited	India	Manufacturing of smart phone and tablet	13,596	13,596	2,760	19.91%	7,038	(38,812)	(7,729)	-	
The company	WIS	Taiwan	Wholesale and retail of information software, manufacturing of computer products and components	214,656	214,656	17,888	46.10%	215,941	1,583	730	-	
AGI	Xserve(BVI)Corp.	B.V.I.	Investment and holding	3,938	3,938	113	15.00%	-	-	Fill-free	-	
AIH	WJP	Japan	CSD Maintenance company	129,985	129,985	9	100.00%	244,859	(17,432)	Fill-free	Note	
AIH	WDC	B.V.I.	Investment and holding, sale of telecommunication equipment and components	3,763,657	3,763,657	124,100	100.00%	3,299,377	139,280	Fill-free	Note	
AIH	WNC	Taiwan	Manufacturing and sales of radio communication products	1,311	1,311	113	0.03%	4,409	2,063,690	Fill-free	-	
AIH	Hartec Asia	Singapore	Investment and holding	178,700	178,700	6,090	20.02%	210,989	9,157	Fill-free	-	
AIH	WEH	Netherlands	Investment and holding	91	91	-	0.01%	81	(150,841)	Fill-free	Note	
AIH	WBR	Brazil	Customer service	96	96	5	0.01%	90	60,366	Fill-free	Note	
AIH	Hsieh Yuh	B.V.I.	Holding company and OEM	80,678	80,678	3,990	26.08%	-	(10,562)	Fill-free	-	
AIH	Xserve(BVI)Corp.	B.V.I.	Investment and holding	4,988	4,988	143	19.00%	-	-	Fill-free	-	
WCHK	ATS INTERNATIONAL INC.	Cayman Islands	Investment and holding	75,595	75,595	5,029	17.55%	-	(129,007)	Fill-free	-	
WCL	WLB	Taiwan	Investment consultant and business management consultant	134,500	134,500	-	100.00%	274,193	66,136	Fill-free	Note	
WCL	WCT	Netherlands	R&D	445,704	445,704	-	100.00%	403,427	(12,944)	Fill-free	Note	
WCL	WYHO	Taiwan	Research, development, sale, and service of information products	24,819	24,350	1,430	1.35%	40,662	1,208,482	Fill-free	Note	
WCL	JLH	Taiwan	Sale of radio system of vehicle and components	55,256	55,256	5,526	3.92%	8,389	(147,465)	Fill-free	-	
WCL	WTS	Taiwan	Manufacturing and maintenance of computer Information System, technical consultant	20,576	20,576	1,824	4.16%	42,615	109,239	Fill-free	-	
WCL	WNC	Taiwan	Manufacturing and sales of radio communication products	60,512	60,512	2,412	0.66%	118,234	2,063,690	Fill-free	-	
WCL	WTR	Turkey	Customer service	47	47	-	0.10%	47	8,128	Fill-free	Note	
WCL	MAYA	Taiwan	Information integration of medical clinic	7,800	7,800	273	7.72%	4,661	(14,523)	Fill-free	-	

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Beginning balance	Shares	Ending balance		The highest percentage of the periods	Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	ratio of shares			Book value					
WDH	WITS	Taiwan	Manufacturing and maintenance of computer Information System, technical consultant	226,774	226,774	10,950	24.96%	232,400	24.96%	109,239	Fill-free	-	
WDH	CGI	Taiwan	Software and Information technology service, Research video application software for manufacture and sale.	35,325	35,313	2,858	25.93%	38,425	26.63%	23,480	Fill-free	-	
WEDH	WEMY	Malaysia	Development and sales of information technology products and related software	59,804	59,804	6,512	100.00%	(98,941)	100.00%	(6,358)	Fill-free	Note	
WEH	WPV	Netherlands	R&D	1,025,291	1,025,291	-	100.00%	118,579	100.00%	(823)	Fill-free	Note	
WEH	WSCZ	Czech Rep.	SERVICE	372,337	372,337	-	100.00%	283,476	100.00%	(150,429)	Fill-free	Note	
WEHK	WETW	Taiwan	Internet platform development, providing and sales of application services, and consulting services	65,000	65,000	6,500	100.00%	(105,014)	100.00%	(73,445)	Fill-free	Note	
WEMY	WESMY	Malaysia	Sale and marketing of e-learning and education solution	2,992	2,992	162	49.00%	-	49.00%	6	Fill-free	-	
WHK	WIN	India	Computing Products repair and service parts distribution	-	-	-	0.01%	-	0.01%	(45,291)	Fill-free	Note	
Win Smart	WHK	Hong Kong	Computer repair service	97,729	97,729	25,281	100.00%	82,621	100.00%	36	Fill-free	Note	
Win Smart	WHHK	Hong Kong	Investment and holding	2,682,237	2,682,237	89,550	100.00%	5,702,471	100.00%	736,490	Fill-free	Note	
Win Smart	MINDFORCE	B.V.I.	Investment and holding	692,634	692,634	21,692	28.88%	788,280	28.88%	(304,969)	Fill-free	-	
WLB	WYHQ	Taiwan	Research, development, sale, and service of information products	32,387	35,625	3,300	3.11%	93,842	3.55%	1,208,482	Fill-free	Note	
WLB	PELL	Taiwan	Biotechnology service	1,500	-	150	1.29%	3,002	1.77%	(17,317)	Fill-free	-	
WLLC	WITX	U.S.A.	Warehousing & logistics and distribution for the related products and components of computer & communication and consumer electronic products	1,525,557	1,525,557	4,950	100.00%	1,949,494	100.00%	61,511	Fill-free	Note	
WLLC	WITT	U.S.A.	Processing and sale of electronic information products	149,794	149,794	451	100.00%	116,486	100.00%	(7,940)	Fill-free	Note	
WMH	WMT	Taiwan	manufacturing of medical instruments	200,000	200,000	20,000	100.00%	181,298	100.00%	(16,738)	Fill-free	Note	
WMH	MA YA	Taiwan	Information integration of medical clinic	6,917	6,917	461	13.04%	3,336	13.04%	(14,523)	Fill-free	-	
WMH	Free Bionics, Inc.	Cayman Islands	research, desing and sale of medical instruments	270,850	31,923	10,100	55.80%	235,944	55.80%	(66,801)	Fill-free	-	
WMH	PELL	Taiwan	Biotechnology service	120,000	-	2,400	20.69%	118,606	20.69%	(17,317)	Fill-free	-	
WSSG	WIN	India	Computing Products repair and service parts distribution	1,805,085	1,023,471	14,344	99.99%	1,570,939	99.99%	(45,291)	Fill-free	Note	
WSSG	WSMY	Malaysia	Computing Products repair and service parts distribution	33,240	33,240	3,548	100.00%	(3,348)	100.00%	(3,644)	Fill-free	Note	
WHYQ	WYJP	Japan	Sale of electronic products	6,620	6,620	-	100.00%	29,793	100.00%	23,432	Fill-free	Note	
WHYQ	WYUDE	U.S.A.	Sale of electronic products	272,253	298	9,010	100.00%	319,416	100.00%	19,276	Fill-free	Note	
WHYQ	WYHK	Hong Kong	Investment and holding	12,181	12,181	400	100.00%	39,318	100.00%	27,299	Fill-free	Note	
WHYQ	WYKR	South Korea	Sale of electronic products	2,903	2,903	20	100.00%	17,067	100.00%	11,165	Fill-free	Note	
WHYQ	WYMY	Malaysia	Sale of electronic products	15,109	-	2,050	100.00%	15,074	100.00%	(5)	Fill-free	Note	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

**WISTRON COROPERATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT**

(c) Information on investment in Mainland China:
1. Information on investment in Mainland China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of investment	Accumulated Outflow of Investment from January 1, 2017	Investment Flows		Net income (loss) of the investee	The highest percentage of the periods	Direct / indirect shareholding (%) by the Company	Share of Profits/Losses	Carrying Amount as of December 31, 2017	Accumulated Inward Remittance of Earnings as of December 31, 2017	Note
					Outflow	Inflow							
Wistron InfoComm (Zhongshan) Corporation	Assembly and sales of computer, server, and LCD TV	7,394,068	Note 1	7,394,179	Note 1	-	721,365	100.00%	100.00%	721,365	16,078,829	-	Note 23
Wistron InfoComm (Shanghai) Corporation	Research, development, design, testing and sales of computers software	31,691	(Note 21) 2	31,691	-	-	628	100.00%	100.00%	628	50,936	-	Note 23
Wistron InfoComm Technology (Zhongshan) Co., Ltd.	Assembly and sales of LCD Monitor	67,510	(Note 21) 2	67,510	-	-	71,464	100.00%	100.00%	71,464	350,883	-	Note 23
Wistron InfoComm (Kunshan) Co., Ltd.	Assembly and sales of Notebook computer	1,085,212	Note 2	1,085,212	Note 2	-	347,561	100.00%	100.00%	347,561	9,890,273	-	Note 23
Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.	Sales of mobile phone	939,420	(Note 21) 2	939,420	-	-	43,686	100.00%	100.00%	43,686	8,339,944	-	Note 23
Wistron Service (Kunshan) Corp.	Maintenance of computer products	12,287	(Note 21) 2	12,287	-	-	48,273	100.00%	100.00%	48,273	588,300	-	Note 23
SMS (Kunshan) Co., Ltd.	Maintenance of computer products	806,230	(Note 21) 2	806,230	-	-	59,612	100.00%	100.00%	59,612	1,622,643	-	Note 23
Wistron InfoComm (Taizhou) Co., Ltd.	Assembly and sales of LCD Monitor and Touch display module	4,929,489	(Note 21) 2	4,929,489	-	-	(1,962,790)	100.00%	100.00%	(1,962,790)	(2,427,416)	-	Note 23
WIS PRECISION (KUNSHAN) CO., LTD.	Production and sales of computer shell mold plastic	795,220	(Note 21) 2	231,014	-	-	(205,025)	28.88%	28.88%	(59,211)	178,483	-	-
T-CONN PRECISION(Zhongshan) CORPORATION	Production of telecommunication equipment and coupling for Special purpose.	234,991	(Note 21) 2	85,873	Note 3	-	12,352	23.90%	23.90%	2,952	(1,876)	-	-
Wistron Optonics (Kunshan) Co., Ltd.	Production of communication products and components	3,676,442	(Note 21) 2	3,632,613	Note 4	-	137,741	100.00%	100.00%	137,741	3,241,182	-	Note 23
Wistron Optonics (Shanghai) Co., Ltd.	Sales of communication products and components	131,044	(Note 21) 2	131,044	-	-	1,539	100.00%	100.00%	1,539	58,183	-	Note 23
HSIEH-YUHI ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD.	Production and management of new-type electronic components	426,055	Note 18	79,722	-	-	(4,586)	26.08%	26.08%	-	-	-	-
LIAN-YI PRECISION (ZHONGSHAN) INC.	Manufacturing of high-temperature resistant insulation materials and moulded insulation products, Assembly of computer, server and their peripheral equipment.	1,124,931	(Note 21) 2	332,795	-	-	(225,211)	28.88%	28.88%	(65,041)	(183,512)	-	-
WIS PRECISION (TAIZHOU) CO., LTD.	Sales of new-type alloy(Mg-X-Al) material	2,220,502	(Note 21) 2	643,191	-	-	199,449	28.88%	28.88%	57,601	676,973	-	-
Hartec Technology (Kunshan) Co., Ltd.	Production and sales of electronic high-tech nano material	516,917	(Note 21) 2	128,815	-	-	30,684	20.02%	20.02%	6,143	167,599	-	-
Wistron Advanced Materials(Kunshan) Co., Ltd	Research, manufacturing, and sales of electronic regeneration ecofriendly plastic goods	953,939	(Note 21) 2	953,939	-	-	(50,153)	100.00%	100.00%	(50,153)	297,892	-	Note 23

**WISTRON COROPERATION AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT**

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of investment	Accumulated Outflow of Investment from January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2017	Net income (loss) of the investee	The highest percentage of the periods	Direct / indirect shareholding (%) by the Company	Share of Profits/Losses	Carrying Amount as of December 31, 2017	Accumulated Inward Remittance of Earnings as of December 31, 2017	Note
					Outflow	Inflow								
Zongshan Global Lighting Technology Limited Co.	Sales of LGP, backlight and related light-electronic components	445,825	(Note 21) 2	72,007	-	-	72,007	NA	15.97%	15.97%	-	71,501	-	-
Wistron InfoComm (CHONGQING) Co., Ltd.	Assembly and sales of Notebook computer	583,823	(Note 21) 2	583,823	-	-	583,823	573,970	100.00%	100.00%	573,970	3,543,911	-	Note 23
Wiwynn Technology Service (Beijing) Limited	Sales of electronic information products	86,742	(Note 21) 2	86,742	-	-	86,742	(510)	100.00%	100.00%	(510)	4,142	-	Note 23
Wistron Investment (Sichuan) Co., Ltd.	Investment and holding	2,501,366	(Note 21) 2	2,501,366	-	-	2,501,366	733,968	100.00%	100.00%	733,968	5,487,953	-	Note 23
Wistron InfoComm (Chengdu) Co., Ltd.	Assembly and sales of Notebook computer	2,396,524	(Note 21) 2	2,396,524	-	-	2,396,524	731,562	100.00%	100.00%	731,562	5,380,813	-	Note 23
Wistron InfoComm (Qingdao) Co., Ltd	Assembly and sales of LCD Monitor	179,436	(Note 21) 2	179,436	-	-	179,436	2,569	100.00%	100.00%	2,569	215,544	-	Note 23
ANWTH (KunShan) CO., LTD.	Sales and maintenance of mobile phone	89,256	(Note 21) 2	89,256	-	-	89,256	(936)	100.00%	100.00%	(936)	61,522	-	Note 23
Wistron InfoComm Technology Service (Kunshan) Co., Ltd	Research and development of electronic calculator and other electronic products	59,042	(Note 21) 2	59,042	-	-	59,042	8,185	100.00%	100.00%	8,185	103,016	-	Note 23
Westtek Information Technology Services Co., Ltd., Shanghai	Development of internet platform, providing application services, consulting services	31,324	(Note 21) 2	21,936	513 (Note 19)	-	22,449	(10,765)	100.00%	100.00%	(9,627)	10,509	-	Note 23
Shenzhen Keen High Technologies Ltd	Manufacturing of digital photo frame, MP3, MP4 and GPS	198,648	(Note 21) 2	31,110	-	-	31,110	NA	15.17%	15.17%	-	-	-	-
SMS InfoComm(Chongqing) Co., Ltd.	Sales and distribution of computer products and components	126,838	(Note 21) 1	126,838	-	-	126,838	37,864	100.00%	100.00%	37,864	154,630	-	Note 23
KunShan ChangNun Precision Die Casting Co., Ltd.	Sales and distribution of Zn-Al Alloy precision casting process, LCD Monitor of supporting frame and Electric tool series.	173,981	(Note 21) 3	-	-	-	-	(20,274)	15.39%	15.27%	(722)	8,611	-	-
Wiwynn Technology Service KunShan Ltd.	Sales of electronic products	10,659	(Note 21) 3	-	-	-	-	12,804	60.49%	57.08%	7,647	12,912	-	Note 23
JCA Inc.	Research, design, manufacturing, sales, and maintenance of Intelligent terminals	91,991	(Note 21) 2	-	-	-	-	(7,851)	20.00%	20.00%	(2,539)	14,279	-	-
Wistron Medical Tech (Chongqing) CO., LTD.	Production of medical equipments	94,500	(Note 21) 3	-	-	-	-	(14,429)	100.00%	100.00%	(14,429)	78,273	-	Note 23

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

2. Limitation on investment in Mainland China: (TWD : expressed in thousands)

Company	Accumulated Investment in Mainland China as of December 31, 2017 (Note 1), (Note 2), (Note 3), (Note 4), (Note 5), (Note 7), (Note 8), (Note 9), (Note 10), (Note 11), (Note 12), (Note 13), (Note 14), and (Note 19)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4), (Note 15) and (Note 20)	Upper Limit on Investment (Note 16)
Wistron Corporation	25,380,324 (USD 816,162,332)	30,330,804 (USD 1,015,562,541)(CNY 4,000,000)	-

(Note1) The Company invested the amount of USD 5,150,000 (approximately TWD 149,551) in BRIVISION OPTRONICS (L) CORP, acquiring 50.99% of its share; therefore, resulting in an indirect ownership of BriVision Optronics (Zhongshan) Corp. with the same amount of shares. The application to transfer the investment in Mainland China has been authorized by the Investment Commission, MOEA on January 17, 2013. Therefore, the accumulated investment amount in Mainland China will be revised in accordance with the amount authorized by the Investment Commission. Also, Cowin, one of 100% owned subsidiaries of the Company, merged with BRIVISION OPTRONICS(L) CORP. by exchanging 1 share for 1.89 share on November 14, 2013. After the merger, Cowin became the existing company, while Brivision was liquidated in the first quarter of 2015. Therefore, 100% ownership of BriVision Optronics (Zhongshan) Corp. was transferred to Cowin Worldwide Corporation in the second quarter of 2014.

Wistron InfoComm (Zhongshan) Corporation, in which the Company indirectly owned 100% of its shares, merged with BriVision Optronics (Zhongshan) Corp. in the second quarter of 2015, resulting in an increase in the investment capital of Wistron InfoComm (Zhongshan) Corporation to USD 218,050,000 (approximately TWD 6,872,015), which was authorized by the Investment Commission on July 31, 2015. Also, Wistron InfoComm (Zhongshan) Corporation merged with All Technology (Zhong Shan) Co., Ltd., one of 100% owned subsidiaries of the Company, in the first quarter of 2015, resulting in an increase in the investment capital of Wistron InfoComm (Zhongshan) Corporation to USD 234,000,000 (approximately TWD 7,394,179), which was authorized by Investment Commission on December 26, 2016.

(Note2) Wistron InfoComm (Kunshan) Co., Ltd. merged with Wistron InfoComm Technology (Kunshan) Co., Ltd. in the first quarter of 2015, both entities are 100% owned subsidiaries of the Company, resulting in an increase in the investment capital of Wistron InfoComm (Kunshan) Co., Ltd. to USD 32,000,000 (approximately TWD 1,085,212), which was authorized by the Investment Commission on January 23, 2015.

(Note3) On January 24, 2005, the Company applied to the Investment Commission for the revision of the amount of its indirect investment in T-CONN PRECISION (Zhongshan) CORPORATION from USD 638,000 to USD 550,000, and the application was authorized on February 15, 2005. Also, Super Elite Ltd. acquired Hong Kong Comtek Electronics Co. Ltd. by issuing new shares through stock exchange, resulting in a decrease in the of the Company's investment amount in T-CONN PRECISION (Zhongshan) CORPORATION by USD 339,995 (approximately TWD 9,793); and the application was authorized by the Investment Commission on May 17, 2012.

(Note4) The Company indirectly invested in the capital of Wistron Optronics (Kunshan) Co., Ltd. and Wistron optronics (Shanghai) Corporation, through Wistron Optronics Corporation (WOC) and its subsidiary, WinDisplay, amounting to TWD 64,701 and TWD 4,877, respectively. However, on March 10, 2007, WOC was merged with WOD Co., Ltd (WOD), a fully owned subsidiaries of the Company. After the merger, WOD became the existing company while WOC being the dissolved entity, who transferred its investment amount, which had been authorized by the Investment Commission on June 14, 2007, to WOD. On the other hand, AIHH transferred the shares of WinDisplay and its subsidiaries to WOD on June 25, 2007 in accordance with the agreement. The Company applied for the transfer of investment amount, which had been authorized by the Investment Commission on July 18, 2007. Therefore, the accumulated investment amount in Mainland China would be revised in accordance with the amount authorized by Investment Commission. On August 17, 2007, WOD Co., Ltd. was renamed as Wistron Optronics Corporation.

(Note5) The investment in Wistron InfoComm (Chengdu) Co., Ltd., through Wistron Investment (Sichuan) Co., Ltd., was authorized by the Investment Commission. The amount of accumulated investment in Mainland China had increased by USD 83,500,000 (approximately TWD 2,501,366).

(Note6) The board of directors of Shenzhen Keen High Technologies Ltd., in which the Company indirectly invested in, resolved to apply to the Court for bankruptcy on December 22, 2014. The case is still in progress.

(Note7) Shenzhen Jin Zhi Feng Electronic Co., Ltd. in which the Company indirectly invested in, had completed the cancellation of its business registration. The said investment capital amounting to USD 2,331,508.7, which entitled the Company to a full ownership of the entity, had been remitted to KJF Technology Ltd. and authorized by the Investment Commission on January 12, 2015. However, according to the regulation, the remittance to Mainland China amounting to USD 104,452 (approximately TWD 3,155) was included in the accumulated investment amount.

(Note8) Dong Guan Comtek Electronics Co., Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY 449,415.79, which entitled the Company to a full ownership of the entity, had been remitted to Hong Kong Comtek Electronics Co. Ltd. and authorized by the Investment Commission on July 15, 2013. However, according to the regulation, the remittance to Mainland China amounting to USD 179,344 (approximately TWD 5,371), was included in the the accumulated investment amount.

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

- (Note9) Top-Glory Electronic (Zhongshan) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 18,268.22, which entitled the Company to an 11% ownership of the entity, had been remitted to Super Elite Ltd. and authorized by the Investment Commission on March 25, 2010. However, according to the regulation, the remittance to Mainland China amounting to USD 33,000 (TWD 1,071) was included in the accumulated investment amount.
- (Note10) Changshu Pu Yuan electronics Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 3,895,791.97, which entitled the Company to a full ownership of the entity, had been remitted to Park Orchid, which was liquidated afterwards. The capital incurred from the liquidation of Park Orchid amounting to USD 2,461,084.65 was remitted to Win Smart. With that said, the capital amount of USD 2,461,084.65 entitled the Company to a 46.875% ownership of to Win Smart. Therefore, the accumulated investment amount in Mainland China was revised to USD 2,812,500 on April 24, 2012, and authorized by the Investment Commission on April 30, 2012. However, according to the regulation, the remittance to Mainland China amounting to USD 2,815,500 (TWD 84,714) was included in the the accumulated investment amount.
- (Note11) Wistron optronics (Shanghai) Corporation, in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 58,823.63, which entitled the Company to a full ownership of the entity, had been remitted to WDC and authorized by the Investment Commission on December 16, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD 1 was included in the the accumulated investment amount.
- (Note12) Wistron Service (Shanghai) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 6,507.67 (approximately TWD 196), which entitled the Company to a full ownership of the entity, had been remitted to Taiwan and authorized by the Investment Commission on March 6, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment was authorized by the Investment Commission on December 8, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD 133,492.33 (approximately TWD 4,350) was included in the the accumulated investment amount.
- (Note13) WIT Precision (Taizhou) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 18,577.5 (approximately TWD 556), which entitled the Company to a 30% ownership of the entity, had been remitted to Taiwan and authorized by the Investment Commission on September 18, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment of the Company had already been authorized. However, according to the regulation, the remittance amounting to USD 1,241,422.5 (approximately TWD 39,449) was included in the accumulated investment amount.
- (Note14) Zhongshan Deyi Electrical Equipment Co., Ltd.(Deyi), in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 525,684.97, which entitled the Company to a full ownership of the entity, had been remitted to FULLERTON LTD. On October 22, 2013, the Company applied for a revision of its indirect investment in Deyi amounting to USD 161,314, which had been authorized by the Investment Commission on October 28, 2013. Afterwards, the cancellation of investment of the Company was authorized by the Investment Commission on November 4, 2013. However, according to the regulation, the remittance to Mainland China amounting to (approximately TWD 5,121) was included in the the accumulated investment amount.
- (Note15) Translated using the spot rates on December 31, 2017.
- (Note16) On December 6, 2017, the Company obtained the Certificate of Qualified Operating Headquarters, which was issued by the Department of Industrial Development, Ministry of Economic Affairs, in accordance with the revised "Approval Guidelines for Engagement in Investments or Technological Cooperation in Mainland China" and "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" that was announced on August 22, 2008. Therefore, the Company was not restricted or limited, in anyway, regarding the investment amount in Mainland China.
- (Note17) Wistron InfoComm (CHONGQING) Co. Ltd., one of the fully directly owned subsidiaries of the Company, used its own capital to invest in ICA Inc.; the transaction was not restricted or limited, in anyway, regarding the investment
- (Note18) HSIEH-YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. merged with BrV'ision Optronics (Zhongshan) Corp. in the fourth quarter of 2016, both entities are fully owned subsidiaries of the Company, resulting in an increase in the investment capital of HSIEH-YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. to USD 2,452,912 (approximately TWD 79,722), which was authorized by the Investment Commission on November 30, 2016.
- (Note 19) The Company invested the amount of USD 16,963 (approximately TWD 512,654) in WIEDU HONG KONG LIMITED, acquiring 18.73% of its share; therefore, resulting in an indirect ownership of Weshtek Information Technology Services Co., Ltd., Shanghai (Weshtek), which entitled the Company to a full ownership of Weshtek.
- (Note 20) On December 18, 2017, the Company indirectly invested the amount of USD 200,000,000, through Win Smart Co., in WISTRON INVESTMENT (JIANGSU) CO. LTD. to invest in Wistron InfoComm Manufacturing (Kunshan) Co., Ltd., making Wistron (Jiangsu) a holding company in Mainland China. However, the investment in Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. has yet to be carried out.
- (Note 21) Ways to Invest in Mainland China :
 1. Direct investment in Mainland China.
 2. Indirect investment in Mainland China through a foreign company
 3. Others

WISTRON COROPERATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENT

(Note 22) Recognized share of associates and joint ventures accounted for equity method :

1. The financial statements of the investee company were audited by the global accounting firm in cooperation with R.O.C. accounting firm.
2. The financial statements of the investee company were audited by the Group auditor
3. Others

(Note 23) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

2. Significant transactions

The significant transactions of the entities in China in which the Company, directly or indirectly owned, refer to Note 13(a) Information on significant transactions.

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:**(a) General information**

The major activities of the Group are the design, manufacture and sale of information technology products. The chief operating decision maker of the Group determines each business group as an operating segment. According to the provisions of the accounting standard, only the “Research and Manufacturing Service Department” qualifies under the quantitative threshold criteria as a reportable segment. Other operating departments are deemed immaterial and need not be disclosed as reportable segment including the client service group and the related new business investment. The performance of the department is evaluated based on the operating profit of the Group.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations:

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. The reportable amount is similar to that in the report used by the chief operating decision maker.

The Group’s operating segment information and reconciliation are as follows:

	2017			
	<u>R&D and Manufacturing</u>	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>
Revenues from external customers	\$ 757,311,857	78,769,166	-	836,081,023
Segment revenues	<u>4,959,024</u>	<u>1,468,022</u>	<u>(6,427,046)</u>	-
Total revenues	\$ <u>762,270,881</u>	<u>80,237,188</u>	<u>(6,427,046)</u>	<u>836,081,023</u>
Segment profit	\$ <u>5,246,624</u>	<u>667,187</u>	<u>244,600</u>	<u>6,158,411</u>
Accounts receivable	\$ 76,139,214	18,461,075		94,600,289
Inventories	<u>82,866,931</u>	<u>9,373,691</u>		<u>92,240,622</u>
Segment identifiable assets	\$ <u>159,006,145</u>	<u>27,834,766</u>		<u>186,840,911</u>
General assets				<u>139,812,471</u>
Total assets				\$ <u>326,653,382</u>
Accounts payable	\$ 122,271,574	9,862,196		132,133,770
Segment identifiable liabilities	\$ <u>122,271,574</u>	<u>9,862,196</u>		<u>132,133,770</u>
General liabilities				<u>128,098,550</u>
Total liabilities				\$ <u>260,232,320</u>

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2016			
	<u>R&D and Manufacturing</u>	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>
Revenues from external customers	\$ 566,277,457	93,630,774	-	659,908,231
Segment revenues	5,390,073	1,587,130	(6,977,203)	-
Total revenues	\$ 571,667,530	95,217,904	(6,977,203)	659,908,231
Segment profit	\$ 4,712,175	1,299,895	(1,254,970)	4,757,100
Accounts receivable	\$ 67,769,096	21,958,386		89,727,482
Inventories	54,568,215	10,648,064		65,216,279
Segment identifiable assets	\$ 122,337,311	32,606,450		154,943,761
General assets				127,811,797
Total assets				\$ 282,755,558
Accounts payable	\$ 108,596,596	14,438,629		123,035,225
Segment identifiable liabilities	\$ 108,596,596	14,438,629		123,035,225
General liabilities				91,751,884
Total liabilities				\$ 214,787,109

(c) Information about the products and services

Information about the Group's revenue from external customers was as follows:

	<u>2017</u>	<u>2016</u>
Computer, Communication & Consumer electronics	\$ 757,311,857	566,277,457
Others	78,769,166	93,630,774
	\$ 836,081,023	659,908,231

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets.

Revenue from external customers:

<u>Geography</u>	<u>2017</u>	<u>2016</u>
Taiwan	\$ 560,249,015	430,060,296
Asia	170,324,046	149,968,370
Others	105,507,962	79,879,565
	\$ 836,081,023	659,908,231

(Continued)

WISTRON CORPORATION AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

Non-current assets:

<u>Geography</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Taiwan	\$ 5,974,892	6,831,243
Asia	32,362,418	31,648,395
Others	<u>2,334,793</u>	<u>2,796,225</u>
	<u>\$ 40,672,103</u>	<u>41,275,863</u>

Non-current assets include the property, plant and equipment, intangible assets and other non-current assets, aside from the financial instruments, deferred tax assets and goodwill.

(e) Information about revenue from major customers

For the years ended December 31, 2017 and 2016, the amounts of sales to customers representing greater than 10% of net revenue were as follows:

<u>Customer</u>	<u>2017</u>		<u>2016</u>	
	<u>Net revenue</u>	<u>Percentage of net revenue</u>	<u>Net revenue</u>	<u>Percentage of net revenue</u>
Customer G	\$ 213,969,248	26 %	83,087,174	13 %
Customer H	163,163,133	20 %	157,830,477	24 %
Customer D	102,612,071	12 %	65,940,693	10 %
Customer B	55,324,190	7 %	91,309,525	14 %
Customer F	55,103,294	7 %	68,719,028	10 %



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