

# Wistron Corporation

## 2017 Annual General Shareholders' Meeting Meeting Agenda

<http://www.wistron.com> Held on Date June 14, 2017



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## **Wistron Corporation**

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

Article 1 The Shareholders' Meeting (the "Meeting") of Wistron Corporation ("Wistron") shall be conducted in accordance with these Rules and Procedures.

Article 2 The Company shall be set forth in the meeting notice the shareholder sign-in time, location of the meeting and other precautions.

The shareholder sign-in time should be at least thirty minutes prior to the start of the meeting; the reception post should be clearly marked and adequately qualified personnel sent to handle the sign-in.

Shareholders attending the Meeting shall sign in. The sign-in procedure is performed by submitting an attendance card. The number of shares represented by attending shareholders shall be calculated in accordance with the attendance card submitted by shareholders, plus the shares voted in writing or electronically.

Shareholders or their proxies (hereinafter referred to as "shareholders") with an attendance card shall be allowed to attend the Meeting; registered proxy solicitors shall also bring identification documents for verification.

Article 3 The presence of shareholders at the Meeting and their voting at the Meeting shall be calculated in accordance with the number of shares.

Article 4 The Meeting shall be held at the domicile of Wistron or at any other appropriate place that is convenient for the presence of shareholders. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

Article 5 If the Meeting is called by the Board of Directors ("BOD"), the Board's Chairman shall preside at the Meeting. In case the Chairman is on leave of absence, or cannot exercise his powers and authority, the Vice Chairman shall act in his place. If there is no Vice Chairman, or the Vice Chairman is also on leave of absence, or cannot exercise his powers and authority, the Chairman shall designate a director to act in his place. If the Chairman does not designate a director, the directors shall elect one from among themselves to act in lieu of the Chairman. The director acting as Chairman of the Meeting shall have held office for more than six months and understand the financial and business conditions of the Company, likewise if the acting Chairman is a representative of a juristic person. If the Meeting is called by any person other than the BOD, who has the right to call the Meeting, said person shall preside at that Meeting.

Article 6 Wistron may appoint designated counsel, CPA or other related persons to attend the Meeting.

Article 7 The Company shall record the proceedings of the Meeting entirely in audio or video from the shareholders' sign-in through the meeting discussions and the vote counting process; this recording shall be continuous and uninterrupted and the Company shall retain the recording for at least one year. However, if a

shareholder lawsuit has been instituted in accordance with Article 189 of the Company Act, the proceedings of the meeting shall be preserved by the Company until the legal proceedings of the lawsuit have been concluded.

- Article 8 The Chairman shall call the Meeting to order at the time scheduled for the Meeting, provided, however, that if the shareholders present do not represent a majority of the total number of issued shares (“quorum”), the Chairman may postpone the Meeting, provided, however, that the postponement of the Meeting shall be limited to two times, and the total time of the overall postponement shall not exceed one hour. If the Meeting has been postponed twice, but the shareholders present still do not represent a quorum, a tentative resolution may be adopted by shareholders representing one-third of the total amount of issued shares, in accordance with Paragraph 1 of Article 175 of the Company Act. Before the close of the Meeting, if the shareholders present represent a quorum, the Chairman may present the tentative resolution so adopted to the Meeting for resolution in accordance with the provisions of Article 174 of the Company Act.
- Article 9 If the Meeting is convened by the BOD, the agenda of the Meeting shall be set by the BOD. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. During the Meeting, the Chairman may, at his/her discretion, set time for intermission. Unless otherwise resolved at the Meeting, the Chairman may not announce adjournment of the Meeting before the Meeting is finished. If the Chairman announces the adjournment in violation of these Rules and Procedures, the shareholders may, by majority of the votes represented by the shareholder present at the Meeting, designate one person as the Chairman to continue the Meeting.
- Article 10 A shareholder wishing to speak at the Meeting shall first fill out a slip, specifying therein the major points of his speech, his serial number as a shareholder and his name, and the Chairman shall determine his order of giving a speech. A shareholder who submits his slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his speech shall be different from those specified on the slip, the contents of his speech shall prevail. When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the Chairman and the said shareholder, and the Chairman shall prevent others from interrupting.
- Article 11 A shareholder shall not speak more than two times for one motion, unless he has obtained the prior consent from the Chairman, and each speech shall not exceed 5 minutes. If a shareholder violates the above provisions or his speech exceeds the scope of the motion, the Chairman may prevent him from continuing.
- Article 12 Any legal entity designated as proxy by shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a corporate shareholder designates two or more representatives to attend the Meeting, only one of the representatives so designated may speak on any one motion.
- Article 13 After a shareholder has given a speech, the Chairman may respond personally or designate a relevant person to respond.

- Article 14 When the Chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.
- Article 15 The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the Chairman, provided, however, that the person supervising the casting of votes shall be a shareholder. Voting counting or election ballots shall be conducted in public at the place of the Shareholders' Meeting. After the completion of the vote count, the voting results shall be announced on the spot, including the shares voted by Shareholders and recorded in the meeting minutes.
- In addition, in the case of the election of directors and independent directors, the Company shall announce the election results, including the number of directors elected and the number of ballots received by each.
- Article 16 Except otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.
- Article 17 If there is an amendment to or substitute for a discussion item, the Chairman shall decide the sequence of voting for such discussion item and the amendment or substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary. The shareholders who voted in writing or electronically shall be deemed to have waived his/her/its voting power with respect to any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said Shareholders' Meeting.
- Article 18 The Chairman may direct disciplinary personnel (or security personnel) to maintain the order of the Meeting. For doing so they shall wear a badge bearing the words of "disciplinary personnel."
- Article 19 In case of incident of force majeure, the Chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will be resumed, or may, by resolution of shareholders present at the Meeting, resume the Meeting within five days without further notice or public announcement.
- Article 20 Any matter not provided in these Rules and Procedures shall be handled in accordance with the Company Act and the Article of Incorporation of Wistron.
- Article 21 This Procedure was enacted on June 7, 2002.  
The 1st amendment was made on June 21, 2012.  
The 2nd amendment was made on June 14, 2013.

## **Meeting Procedures**

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

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

- (6) Extemporaneous Motion
- (7) Adjournment

## Meeting Agenda

**Time:** 9:00a.m., June 14, 2017

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

### **I. Report Items**

1. Report the business of 2016.
2. Audit Committee's Review Report.
3. Report the compensation for employees and directors of 2016.
4. Report the status of treasury stocks buyback.
5. Report the amendments to the "Codes of Ethical Conduct".
6. Report the amendments to the "Ethical Corporate Management Best Practice Principles".

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

1. Ratification of the Business Report and Financial Statements of 2016.
2. Ratification of the proposal for distribution of 2016 profits.
3. Discussion of the capitalization of part of 2016 profits through issuance of new shares.
4. Discussion of issuance of new common shares for cash to sponsor issuance of GDR and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of new common shares for cash to sponsor issuance of GDR in private placement.
5. Discussion of amendments to the "Articles of Incorporation."
6. Discussion of amendments to the "Procedures of Asset Acquisition and Disposal."

### **III. Extemporary Motions**

### **IV. Adjournment**

## Report Items

1. **Business Report of 2016.** (Please refer to Appendix 1, pages 18-21)
2. **Audit Committee's Review Report.** (Please refer to Appendix 2, page 38)
3. **Report the compensation for employees and directors of 2016.**

Description:

- (1) According to Article 16 of the "Articles of Incorporation":  
If the Company has profit as a result of the yearly accounting closing (profit means the profit before tax, excluding the amounts of employees' and directors' compensation), such profit will be distributed in accordance with the following, once the Company's accumulated losses shall have been covered.
  - A. No less than five percent (5%) of profit as employees' compensation. The Company may 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 Company's 3rd term 8th Compensation Committee Meeting and 2nd Board Meeting of 2017 resolved the employees' and directors' compensation of 2016 in accordance with the "Articles of Incorporation."
  - A. The employees' compensation was NT\$615,439,600, distributed by shares.
  - B. The directors' compensation was NT\$40,619,020, distributed in cash.
- (3) The amount of issued shares of employees' compensation with NT\$10 per share were 23,490,061 shares, which were calculated based on the closing price, NT\$26.2, prior to the board resolution date. Employees' compensation of less than one share, equivalent to NT\$2, shall be distributed in cash.
- (4) The newly issued shares from the capital increase possess identical obligations and rights as the original shares. The Board of Directors is authorized to carry out the matter regarding the setting of the record date for new shares from capital increase.

**4. Report the status of treasury stocks buyback.**

As of 04/16/2017

Treasury stocks batch order	1st of 2016
Date of board resolution	2016/05/13
Purpose of buy-back	To transfer to employees
Timeframe of buy-back	2016/05/14~2016/07/13
Price range	NT\$16 to NT\$26 per share
Class, quantity of shares bought back	24,362,000 shares
Value of shares bought-back	NT\$533,235,760
Average repurchase price per share	NT\$21.89
Shares sold/transferred	0 shares
Accumulated number of company shares held	115,175,600 shares
Percentage of total company shares held (%)	4.35%

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

Description:

In order to comply with government rules and regulations, the Company approved the amendments of “Codes of Ethical Conduct” at the 6th board meeting of 2016. Please refer to Appendix 3, pages 39-43 for the comparison between the original and the amendments, and Appendix 4, pages 44-50 for the amended version.

**6. Report of amendments to the “Ethical Corporate Management Best Practice Principles”**

Description:

In order to comply with government rules and regulations, the Company approved the amendments of “Ethical Corporate Management Best Practice Principles” at the 6th board meeting of 2016. Please refer to Appendix 5, pages 51-57 for the comparison between the original and the amendments, and Appendix 6, pages 58-63 for the amended version.

## **Ratification Items and Discussion Items**

**ITEM 1:      Ratification of the Business Report and Financial Statements of 2016**

Proposal:      Submission (by the BOD) of the Company's 2016 business report and financial statements for ratification.

Details:

Submission for ratification of the Company's business report and financial statements for 2016 (Appendix 1: including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows), which have all been adopted by the BOD with resolution and examined by the Audit Committee, and are hereby submitted for ratification. (Please refer to Appendix 1, pages 18-37.)

**ITEM 2: Ratification of the proposal for distribution of 2016 profits**

Proposal: Submission (by the BOD) of the proposal for 2016 earnings distribution for ratification.

Details:

1. The undistributed surplus at the beginning of the 2016 is NT\$11,235,680,958, after deducting remeasurements of the defined benefit liability of NT\$144,903,093 and decrease in unappropriated earnings resulting from equity-accounted investees of NT\$1,738,675 and changes in ownership interest of subsidiaries of NT\$3,018,187, then adding up share-based payment transaction of NT\$2,035,623 and the net income after tax for 2016 is NT\$2,961,100,586 and deducting the legal reserve of NT\$296,110,059, therefore the total amount eligible for distribution earnings is NT\$13,753,047,153. The dividends and bonus proposed to be allocated to the shareholders amount to NT\$3,802,711,267, including NT\$760,542,260 in stock dividend (NT\$0.3 per share at par value) and NT\$3,042,169,007 in cash dividend (NT\$1.2 per share).
2. After the adoption of the resolution at the Shareholders' Meeting, the power with respect to setting the ex-rights and ex-dividend date and other relevant matters is reserved for the Board of Directors.
3. With respect to the dividends and bonus to shareholders as earnings, the calculation of the shareholder's deductible tax amount proportion shall be made separately.
4. In the event that, before the ex-rights and ex-dividend date, the proposed earnings distribution plan is affected due to the revisions to relevant laws or regulations, or upon the request of the competent authorities, or the change to the Company's common shares (i.e. repurchasing the Company's shares for transfer or cancellation, issuance of new shares to its employees as a result of their exercise of stock options, unsecured convertible bonds converting into common shares, capital increase by cash, capital increase by issuance of GDR, cancellation of part of Employee Restricted Stock Awards and capitalization of employees' compensation through issuance of new shares etc.), which results in changes in shareholder's allotment of shares or dividend-payout ratio, the Board of Directors is to be authorized to make necessary adjustments at its full discretion.
5. Please refer to Appendix 7, page 64 for the Profit Appropriation Statement for 2016.
6. Submission for ratification.

**ITEM 3: Discussion of the capitalization of part of 2016 profits through issuance of new shares**

Proposal: Submission (by the BOD) for discussion of a resolution that the Company issues new shares through capitalization of the 2016 earnings.

Details:

1. For the future development of business, the Company is proposing to set aside shareholder's dividends and bonus of NT\$760,542,260 from distributable earnings in 2016 to increase the capital by issuing 76,054,226 shares.
2. Upon the approval for the aforesaid proposal from the competent authority, shareholders' dividends and bonus of NT\$760,542,260, each shareholder will be entitled to receive 30 surplus earning shares per 1,000 shares (tentative calculation) held by such shareholder based on the name and shares registered in the shareholder roster on the ex-rights date. Shareholders are advised to consolidate their fractional shares of less than one share to make up one share by their own means for registration within five days as of the ex-rights date; otherwise the fractional shares shall be paid in cash (rounding down to the nearest NT dollar) by the par value and purchased by persons designated by the Chairman as authorized.
3. The new issuing shares from the capital increase possess identical obligations and rights as the original shares.
4. After the adoption of the Shareholders' Meeting, the BOD is authorized to carry out the matter regarding the setting of the ex-rights date for new shares from capital increase.
5. In the event that, before the ex-rights date, the capitalization proposal is affected due to the revisions to relevant laws or regulations, or upon the request of the competent authorities, or the change to the Company's common shares (i.e. repurchasing the Company's stock shares for transfer or cancellation, issuance of new shares to its employees as a result of their exercise of stock options, unsecured convertible bonds converting into common shares, capital increase by cash, capital increase by issuance of GDR, cancellation of part of Employee Restricted Stock Awards and capitalization of employees' compensation through issuance of new shares etc.), which results in changes in shareholder's allotment of shares, the Board of Directors is to be authorized to make necessary adjustments at its full discretion.
6. Please discuss.

**ITEM 4: Discussion of issuance of new common shares for cash to sponsor issuance of GDR and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of new common shares for cash to sponsor issuance of GDR in private placement.**

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

Details:

1. Fund raising purpose and size:

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

2. Fund raising methods and handling principles:

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

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

B. Upon the limit of 260 million common shares for the issuance of GDR through the issuance of new common shares by capital increase, the original shareholders' equity will be diluted by a maximum of 9.81%. The implementation of the fundraising plan will enhance the Company's competitiveness and benefit the

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

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

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

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

A. By book-building

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

B. By public subscription

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

by the Chairman of the Company at the issue price.

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

The strategic investors have the priority to be considered as specific parties for private placement if they may being qualified for the rules in Article 43-6, Securities and Exchange Act and other letters from government authorities and should also have direct or indirect benefit to the Company, and can recognize the Company’s operating strategy. The company currently has not arranged the specific parties. It is proposed to authorize the Company’s Board of Directors to determine the specific parties for private placement.
  - C. The necessity of private placement:
    - a. The Company plans to invite strategic investors and strengthen competitiveness through private placement. Because of the restrictions on transfers for three full years, it is better to maintain a long-term relationship with strategic partners by such security issuance of private placement. And also considering the effectiveness and feasibility to raise capital, the Company proposes to raise capital through private placement, rather than public offering.
    - b. The amount of the private placement: up to 260 million common shares
    - c. The use of proceeds and projected benefits of private placement: The Company plans to do private placement at one time or several times (no more than 3

times) based on market conditions and specific parties. The capital raised will be used to purchase overseas materials, or increase working capital, or repay bank borrowings or other needs for its future development. The private placement will expand the scale of operations and invite strategic investors and will strengthen our competitiveness, upgrade operating efficiency, and reinforce financial structure, which can benefit shareholders' equity.

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

**ITEM 5: Discussion of amendments to the “Articles of Incorporation”**

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

Details:

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

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

Items	Original Version	Amendment Version	Reason
Article 2	The business items of the Company are set out as follows: ..... (11)R&D, development, design, production, manufacture, testing and sale of In-Vitro testing equipment / system / modules / platform, physiological signal detection medical materials and medical information transmission system products, semi-finished products and their peripherals or components. .....	The business items of the Company are set out as follows: ..... (11)R&D, development, design, production, manufacture, testing and sale of In-Vitro testing equipment / system / modules / platform, <u>Treatment Appliance and Equipment, Smart Assistive Devices, General Diagnostic X-ray Imaging Device</u> , physiological signal detection medical materials and medical information transmission system products, semi-finished products and their peripherals or components. .....	To comply with the Company’s operational needs.
Article 19	..... The 19 <sup>th</sup> amendment was made on June 15, 2016.	..... The 19 <sup>th</sup> amendment was made on June 15, 2016. <u>The 20<sup>th</sup> amendment was made on June 14, 2017.</u>	Correspondence to the amendment date.

**ITEM 6: Discussion of amendments to the “Procedures of Asset Acquisition and Disposal”**

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

Details:

1. In order to comply with government rules and regulations, it is proposed to make amendments to the “Procedures of Assets Acquisition and Disposal”. (Please refer to Appendix 9, pages 73-80 for the comparison between the original and the amendments).
2. Please discuss.

**Voting by Poll**

**Extemporary Motion**

**Adjournment**

## Appendix 1

# Wistron Corporation Business Report

Last year, while confronting the ongoing declining demand in personal computer related markets, the overall ICT industry exhibited no significant growth. For Wistron, although the company was constantly challenged by the tough economic environment and industry competition, we continued to deliver revenue growth through several efforts like customer and product portfolio optimization, and operation efficiency improvement. The operating profit and net profit also increased compared with previous year.

Overall, with the contribution from new invested businesses Wistron's financial performance showed gradual and persistent growth in 2016. 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.

### **2016 Financial and Operation Results**

In 2016, Wistron's consolidated revenue reached NT\$659.9 billion and consolidated operating profit was NT\$6.012 billion. The consolidated profit before tax reached NT\$4.757 billion and profit attributable to Owners of the Company was NT\$2.961 billion. Meanwhile, the earnings per share was NT\$ 1.2.

The revenue increased around 6%, while the operating profit and net profit also increased compared with the previous year. From the operation management point of view, Wistron continued to enhance operation efficiency through improving material cost management and production efficiency in 2016. The total manufacturing expense decreased significantly. The R&D expenses slightly increased for the investments in new businesses and new product line developments to accelerate innovation and adjustments in our business portfolio in order to cope with competition and market changes.

In 2016, Wistron's key growth drivers were server, storage, and VoIP, while other product lines maintained the same level compared with the previous year. From the customer and marketing point of view, the smart terminal device and cloud service (e.g. server and storage) markets continued stable growth compared to the declining demand in the traditional consumer market (e.g. notebook, tablet and LCD-TV). In the meantime, to cope with the market trend, Wistron also continued optimizing customer and product portfolios in order to provide higher value-added and profitable services.

Last year, Wistron also actively continued the organizational re-structuring and the digital transformation. In addition to the automation and intelligent implementation on materials and manufacturing management, we also deployed the digitalization and intelligent implementation on personnel and R&D project management. Meanwhile, through organizational transformation to promote the young management talent, we were able to let management teams inherit and mobilize resources, improve decision-making speed and accuracy, and expedite corporate transformation.

In addition, we continued publishing the “Wistron Corporate Social Responsibility Report” in 2016. Also in response to the revised “Corporate Social Responsibility Best Practice Principles” from Taiwan Stock Exchange (TWSE), Wistron passed the amendments to our “Corporate Social Responsibility Best Practice Principles” at a board meeting in August 2016 stating that corporate governance shall be strengthened to protect the rights and interests of our stakeholders and that all employees of the Company are required to act in compliance with these Principles.

### **2017 Business and Operation Focus**

For 2017, our major operation focuses are:

(1) reinvigorate the core businesses for competitiveness (including PC and server). Our actions will focus on adjusting customer and product portfolios for profit improvement, building closer customer relationships, strengthening leadership in technology and service value, and improving operation efficiency in order to achieve leading operational performance.

(2) scale the new business growth and profitability. Our actions will focus on executing the current growth opportunities (including LCM and smartphone), building new services and solution businesses (including handset service, education, and enterprise services), building new technology verticals (including IPC, IoT, medical, enterprise storage, and automotive electronics) and creating innovation platforms.

(3) drive digital transformation. Our actions will focus on accelerating digital operation improvement initiatives (including manufacturing, inventory, and R&D), building Wistron Industry 4.0 capabilities, building the digitalized system for performance management across projects, people, operation models, and functions.

For business and product directions, in response to the growing smart terminal device market and the stalled growth in consumer markets (e.g. notebook and LCD-TV), Wistron will accelerate the adjustment of our customer and product portfolios to provide higher value-added services to our customers. In the meantime, we will continue infusing the organization with younger management talent and optimizing operation efficiency to enhance competitiveness and accelerate the pace of transformation.

### **Outlook for the Future**

Looking forward, while the Internet of Things (IoT), smart terminal devices, and the cloud service markets continue to grow, the global economy is showing uncertainty for recovery and the traditional IT industry is expected to show slower growth.

As we look into the future, there is little doubt that the digital economy will be exerting increasing influence on our daily lives and that digital transformation is the key to corporate survival and the foundation of a whole new business model.

In recent years, we have been devoted to transforming our role into a comprehensive technology service provider (TSP). For example, with the development of cloud technologies and through the software integration service combining hardware such as computer, intelligent devices, and cloud data system, we can provide a technology service platform and in-time big data information to be the “technology powerhouse” for our customers.

Wistron’s major “corporate beliefs” are customer focus, integrity, innovation, and pursuit of excellence. In the meantime, with the corporate philosophy of “altruism” we will continually take concrete actions to pursue corporate sustainability and social responsibility. For company’s future development strategy to realize our vision of becoming “the technology powerhouse for better life & environment,” Wistron's role as a technology service provider (TSP) promotes innovation and digital transformation enabling us to reinvigorate our core business activities, enhance interaction with our customers, and scale new businesses. This is how we at Wistron are able to provide consumers high value-added products and services that are both lifestyle compatible and environmentally conscious.

Regarding employees and our community, we provide a fair, just, and open platform to attract, develop, and retain top-performing talent and teams. Internally, Wistron offers an environment that provides individuals continuous growth, learning, and competitive rewards, both tangible and intangible. Externally, through collaboration with charity groups and participation in events for social welfare, employees are granted the opportunity to enrich

their minds, develop their moral character, and achieve a more comprehensive way of thinking.

Regarding digital transformation, through big data analysis, the Company effectively collates and applies information to improve the quality and performance of company operations, thereby creating high investment returns for our shareholders. These profits are subsequently remunerated to all of Wistron's stakeholders, including employees, investors, and the community, forming a positive circulation that constitutes the blueprint for sustainable development.

We believe this strategy will provide the value that truly benefits our customers and builds long-term value for our shareholders. On behalf of all Wistron employees, we wish to thank all our shareholders for their support and confidence.

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



安侯建業聯合會計師事務所

KPMG

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

Telephone 電話 + 886 (2) 8101 6666

Fax 傳真 + 886 (2) 8101 6667

Internet 網址 kpmg.com/tw

## Independent Auditors' Report

To the Board of Directors of Wistron Corporation :

### Opinion

We have audited the parent-company-only financial statements of Wistron Corporation (“the Company”), which comprise the balance sheets as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2016 and 2015, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Provision of sales return and allowance

Please refer to Note 4(p) “Revenue”, Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(l) “provision of sales return and allowance” 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 are deducted before arriving at revenue.



### **How the matter was addressed in our audit**

Our principal audit procedures included: testing the Company's controls surrounding the revenue recognition, key manual and systems-based controls in the sales transaction cycle, including reconciliations between sales systems and the general ledger; assessing whether appropriate policies are applied through comparison with accounting standards; Our audit work in respect of the accrual for rebates and returns involved testing key controls, including the Company's review on claims and credits. In addition, we considered the accuracy of the accrual calculation, collaborated inputs, key assumptions, and the historical accuracy of the accrual.

## **2. Inventory valuation**

Please refer to Note 4(h) "Inventories", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(d) "Inventories" of the consolidated financial statements.

### **Description of key audit matter**

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

### **How the matter was addressed in our audit**

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

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

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

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

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



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Chen and Li-Li Lu.

A handwritten signature of the KPMG firm, written in a cursive, stylized font.

KPMG

Taipei, Taiwan (Republic of China)  
March 20, 2017

Notes to Readers

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

**WISTRON CORPORATION**  
**Balance Sheets**

**December 31, 2016 and 2015**

(expressed in thousands of New Taiwan dollars)

	December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Assets</b>									
<b>Current assets:</b>									
1100 Cash and cash equivalents (note 6(a))	\$ 38,416,842	12	23,857,373	8	2100 Short-term loans (note 6(j))	\$ 16,256,177	5	42,040,489	15
1110 Financial assets at fair value through profit or loss-current (note 6(b))	258,922	-	990,995	-	2120 Financial liabilities at fair value through profit or loss-current (note 6(b))	23,715	-	177,485	-
1170 Notes and accounts receivable, net (note 6(c))	52,503,564	16	54,863,431	19	2170 Notes and accounts payable	50,384,998	15	40,199,208	14
1180 Accounts receivable-related parties (notes 6(c) and 7)	127,528,856	40	101,172,088	36	2180 Accounts payable-related parties (note 7)	151,568,661	47	97,278,751	34
1210 Other receivables-related parties (notes 6(c) and 7)	3,927,186	1	4,810,160	2	2220 Other payables-related parties (note 7)	1,855,336	1	3,549,172	1
1220 Current tax assets	935,840	-	954,313	-	2250 Provisions (note 6(k))	2,090,668	1	2,015,999	1
130X Inventories (note 6(d))	10,764,758	3	9,101,382	3	2322 Current portion of long-term loans (note 6(j))	1,441,160	-	150,000	-
1470 Other current assets (notes 6(c)(i))	5,899,271	2	4,038,181	2	2399 Other current liabilities (note 6(k))	15,375,217	5	10,649,007	4
<b>Total current assets</b>	<b>240,235,239</b>	<b>74</b>	<b>199,767,923</b>	<b>70</b>	<b>Total current liabilities</b>	<b>238,995,932</b>	<b>74</b>	<b>196,060,111</b>	<b>69</b>
<b>Non-current assets:</b>					<b>Non-Current liabilities:</b>				
1523 Available-for-sale financial assets-non-current (note 6(b))	2,380,136	1	2,507,556	1	2540 Long-term loans (note 6(j))	11,567,720	3	14,068,205	4
1543 Financial assets carried at cost-non-current (note 6(b))	1,293,845	-	1,089,033	-	2570 Deferred tax liabilities (note 6(m))	3,724,397	1	4,782,951	2
1550 Equity-accounted investees (notes 6(e)(f))	70,012,625	22	71,895,299	25	2600 Other non-current liabilities (note 6(m))	1,905,054	1	2,151,241	1
1600 Property, plant and equipment (notes 6(g) and 7)	5,528,953	2	5,769,852	2	<b>Total non-current liabilities</b>	<b>17,197,171</b>	<b>5</b>	<b>21,002,397</b>	<b>7</b>
1780 Intangible assets (note 6(h))	1,058,875	-	1,220,953	1	<b>Total liabilities</b>	<b>256,193,103</b>	<b>79</b>	<b>217,062,508</b>	<b>76</b>
1840 Deferred tax assets (note 6(n))	2,512,012	1	2,606,309	1	<b>Equity (notes 6(n)(o)(p)):</b>				
1990 Other non-current assets (notes 6(i) and 8)	416,468	-	921,089	-	Capital stock	26,503,165	8	25,554,824	9
<b>Total non-current assets</b>	<b>83,202,914</b>	<b>26</b>	<b>86,010,091</b>	<b>30</b>	Capital surplus	21,353,585	7	20,707,328	7
<b>Total assets</b>	<b>\$ 323,438,153</b>	<b>100</b>	<b>285,778,014</b>	<b>100</b>	Retained earnings	21,344,172	7	22,162,377	8
					Other equity	636,406	-	3,012,160	1
					Treasury stock	(2,592,278)	(1)	(2,721,183)	(1)
					<b>Total equity</b>	<b>67,245,050</b>	<b>21</b>	<b>68,715,506</b>	<b>24</b>
					<b>Total liabilities and equity</b>	<b>\$ 323,438,153</b>	<b>100</b>	<b>285,778,014</b>	<b>100</b>

See accompanying notes to financial statements.

**WISTRON CORPORATION**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2016 and 2015**  
(expressed in thousands of New Taiwan dollars , except for earnings per common share)

		<u>2016</u>		<u>2015</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100	Net revenues (notes 6(r) and 7)	\$ 613,214,569	100	585,799,180	100
5000	Cost of sales (notes 6(d)(g)(h)(k)(l)(m)(o)(p)(s), 7 and 12)	<u>589,217,765</u>	<u>96</u>	<u>564,951,067</u>	<u>96</u>
5900	Gross profit	<u>23,996,804</u>	<u>4</u>	<u>20,848,113</u>	<u>4</u>
5910	Realized (unrealized) inter-company profits	220,777	-	(212,233)	-
5950	Less: Realized gross profit	<u>24,217,581</u>	<u>4</u>	<u>20,635,880</u>	<u>4</u>
<b>Operating expenses (notes 6(c)(g)(h)(l)(m)(o)(p)(s), 7 and 12):</b>					
6100	Selling	3,659,548	1	4,617,196	1
6200	Administrative	2,213,758	-	2,161,200	1
6300	Research and development	<u>11,999,847</u>	<u>2</u>	<u>12,053,692</u>	<u>2</u>
	<b>Total operating expenses</b>	<u>17,873,153</u>	<u>3</u>	<u>18,832,088</u>	<u>4</u>
	<b>Operating income</b>	<u>6,344,428</u>	<u>1</u>	<u>1,803,792</u>	<u>-</u>
<b>Non-operating income and expenses:</b>					
7010	Other income (notes 6(r) and 7)	264,103	-	246,632	-
7020	Other gains and losses (note 6(r))	(195,318)	-	708,264	-
7050	Finance costs (note 6(r))	(1,123,119)	-	(1,168,720)	-
7070	Recognized share of subsidiaries, associates and joint ventures accounted for equity method (note 6(e))	<u>(1,843,632)</u>	<u>(1)</u>	<u>370,769</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>(2,897,966)</u>	<u>(1)</u>	<u>156,945</u>	<u>-</u>
7900	<b>Profit before tax</b>	3,446,462	-	1,960,737	-
7950	Less: income tax expenses (note 6(n))	<u>485,361</u>	<u>-</u>	<u>626,643</u>	<u>-</u>
8200	<b>Net profit</b>	<u>2,961,101</u>	<u>-</u>	<u>1,334,094</u>	<u>-</u>
<b>Other comprehensive income (note 6(m)(n)(o)):</b>					
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss:</b>				
8311	Remeasurements of the defined benefit liability	(171,708)	-	(103,890)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures	(2,385)	-	(13,901)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(29,190)</u>	<u>-</u>	<u>(17,661)</u>	<u>-</u>
		<u>(144,903)</u>	<u>-</u>	<u>(100,130)</u>	<u>-</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss:</b>				
8361	Exchange differences on translation of financial statements	(1,585,768)	-	2,615,293	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	(32,278)	-	423,767	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures	(679,993)	-	(356,118)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(13,617)</u>	<u>-</u>	<u>(17,014)</u>	<u>-</u>
		<u>(2,284,422)</u>	<u>-</u>	<u>2,699,956</u>	<u>-</u>
8500	<b>Other comprehensive income, net of tax</b>	<u>(2,429,325)</u>	<u>-</u>	<u>2,599,826</u>	<u>-</u>
	<b>Total comprehensive income</b>	<u>\$ 531,776</u>	<u>-</u>	<u>3,933,920</u>	<u>-</u>
<b>Earnings per share (in dollars), after tax (note 6(q)):</b>					
9750	<b>Basic earnings per share</b>	<u>\$ 1.20</u>		<u>0.53</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 1.17</u>		<u>0.51</u>	

See accompanying notes to financial statements.

**WISTRON CORPORATION**  
**Statements of Changes in Equity**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

	Retained earnings				Other equity interest			Total equity				
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	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	Total other equity interest	Treasury stock
<b>Balance at January 1, 2015</b>	24,682,674	20,441,985	6,803,752	2,788,534	15,059,029	24,651,335	1,181,567	-	(310,913)	23,680	-	69,799,674
Net profit	-	-	-	-	1,334,094	1,334,094	-	-	-	-	-	1,334,094
Other comprehensive income	-	-	-	-	(100,130)	(100,130)	2,261,178	-	-	2,699,956	-	2,599,826
Total comprehensive income	-	-	-	-	1,233,964	1,233,964	2,261,178	-	-	2,699,956	-	3,933,920
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	357,854	-	(357,854)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,394,277)	1,394,277	-	-	-	-	-	-	-
Cash dividends	740,480	-	-	-	(2,961,921)	(2,961,921)	-	-	-	-	-	(2,961,921)
Stock dividends	330,680	361,102	-	-	(740,480)	(740,480)	-	-	-	-	-	-
New share issue through employee bonuses	-	36,483	-	-	-	-	-	-	-	-	-	36,483
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	-	-	-	(3,684)	(3,684)	-	-	-	-	-	32,799
Repurchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(2,721,183)	(2,721,183)
Treasury stock transferred to employees	-	25,001	-	-	-	-	-	-	-	-	-	25,001
Changes in ownership interests of subsidiaries	-	13,152	-	-	-	-	-	-	-	-	-	13,152
Share-based payments transactions	(199,010)	(170,395)	-	-	(16,837)	(16,837)	-	-	-	-	-	(366,242)
<b>Balance at December 31, 2015</b>	25,554,824	20,707,328	7,161,606	1,394,277	13,606,494	22,662,377	3,442,745	(408,196)	288,524	3,012,160	-	68,715,306
Net profit	-	-	-	-	2,961,101	2,961,101	(2,241,318)	-	(22,389)	-	-	2,961,101
Other comprehensive income	-	-	-	-	(144,903)	(144,903)	(2,241,318)	(43,104)	-	(2,384,422)	-	(2,429,325)
Total comprehensive income	-	-	-	-	2,816,198	2,816,198	(2,241,318)	(43,104)	-	(2,384,422)	-	532,776
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	133,409	-	(133,409)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,394,277)	1,394,277	-	-	-	-	-	-	-
Cash dividends	726,336	-	-	-	(2,905,344)	(2,905,344)	-	-	-	-	-	(2,905,344)
Stock dividends	240,202	255,813	-	-	(726,336)	(726,336)	-	-	-	-	-	-
New share issue through employee bonuses	-	103,833	-	-	(1,739)	(1,739)	-	-	-	-	-	496,015
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-	102,094
Repurchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(533,236)	(533,236)
Treasury stock transferred to employees	-	7,503	-	-	-	-	-	-	-	-	-	7,503
Changes in ownership interests of subsidiaries	-	(596)	-	-	(3,019)	(3,019)	-	-	-	-	-	(3,615)
Share-based payments	(18,197)	279,704	-	-	2,035	2,035	-	-	(91,332)	(91,332)	-	172,210
<b>Balance at December 31, 2016</b>	26,593,165	21,353,585	7,295,015	-	14,049,157	21,344,172	1,200,427	(451,300)	(113,721)	636,406	(2,592,278)	67,245,050

Note: The appropriations for 2016 and 2015, directors' emoluments of \$40,619 and \$24,565, employee's compensation were \$615,440 and \$496,015, respectively, were recognized and accrued in the 2016 and 2015 earnings.

**WISTRON CORPORATION**  
**Statements of Cash Flows**  
**For the years ended December 31, 2016 and 2015**  
(Expressed in thousands of New Taiwan dollars)

	2016	2015
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 3,446,462	1,960,737
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	1,627,693	1,879,383
Amortization expense	350,495	357,827
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	578,303	(548,834)
Interest expense	1,123,119	1,168,720
Interest income	(113,057)	(78,403)
Dividend income	(106,123)	(124,806)
Compensation cost arising from shares based payments	170,582	(80,881)
Recognized share associates and joint ventures accounted for equity method	1,843,632	(370,769)
Gain on disposal of property, plant and equipment, net	(22,811)	(5,816)
Property, plant and equipment reclassified as expenses	206	16
Gain on disposal of intangible assets	(12,191)	(60,562)
Loss on disposal of investments	35,038	1,156
Loss on repurchase of convertible bonds	-	6,827
Exchange difference of bounds payable	-	(5,134)
Unrealized (realized) sales profits	(220,777)	212,233
Impairment loss on assets	223,530	45,459
Other investments loss	35,653	385,156
	5,513,292	2,781,572
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in notes and accounts receivable	2,359,867	(7,391,119)
Increase in accounts receivable-related parties	(26,356,768)	(15,307,086)
Decrease in other receivable-related parties	215,781	130,408
Decrease (increase) in inventories	(1,663,376)	2,031,806
Increase in other assets-current	(1,855,878)	(397,597)
<b>Total changes in operating assets</b>	(27,300,374)	(20,933,588)
<b>Changes in operating liabilities:</b>		
Increase (decrease) in notes and accounts payable	10,185,790	(4,554,762)
Increase in accounts payable to related parties	54,289,910	54,953,339
Increase (decrease) in other payable to related parties	(1,693,836)	436,457
Increase in provisions	74,669	283,607
Increase in other current liabilities	5,384,131	2,529,831
Increase (decrease) in other non-current liabilities	(231,395)	343,908
<b>Total changes in operating liabilities</b>	68,009,269	53,992,380
<b>Net changes in operating assets and liabilities</b>	40,708,895	33,058,792
<b>Total changes in operating assets and liabilities</b>	46,222,187	35,840,364
<b>Cash generated from operating activities</b>	49,668,649	37,801,101
Interest received	107,847	78,453
Dividends received	471,718	378,838
Interest paid	(1,126,275)	(1,179,035)
Income taxes paid	(1,550,295)	(1,750,272)
<b>Net cash generated from operating activities</b>	47,571,644	35,329,085
<b>Cash flows used in investing activities:</b>		
Decrease in other receivables-related parties	667,192	47,959
Increase in available-for-sale financial assets	(485,534)	(226,633)
Proceeds from disposal of available-for-sale financial assets	385,021	171,628
Increase in financial assets at cost-non-current	(302,571)	(375,319)
Proceeds from disposal of financial assets at cost-non-current	-	22,532
Proceeds from return of financial assets at cost	52,615	57,161
Increase in equity-accounted investees	(2,925,132)	(975,680)
Proceeds from disposal of equity-accounted investees	266,619	-
Proceeds from capital reduction of equity-accounted investees	332,855	-
Increase in property, plant and equipment	(531,748)	(600,203)
Proceeds from disposal of property, plant and equipment	31,611	158,589
Increase in intangible assets	(188,417)	(317,193)
Proceeds from disposal of intangible assets	12,191	152,815
Increase in other assets-non-current	(359,431)	(1,058,920)
<b>Net cash flows used in investing activities</b>	(3,044,729)	(2,943,264)
<b>Cash flows used in financing activities:</b>		
Increase of short-term borrowings	455,949,184	374,197,900
Repayment on of short-term borrowings	(481,733,496)	(376,868,273)
Repurchase of convertible bounds	-	(605,030)
Increase in long-term borrowings	6,348,022	22,554,167
Repayments on long-term borrowings	(7,557,347)	(28,749,262)
Decrease in deposits received	(186,501)	(309,509)
Cash dividends to shareholders	(2,903,716)	(2,961,921)
Repurchase of treasury stock	(533,236)	(2,721,183)
Treasury stock transferred to employees	669,644	25,001
<b>Net cash flows used in financing activities</b>	(29,947,446)	(15,438,110)
<b>Net increase in cash and cash equivalents</b>	14,579,469	16,947,711
<b>Cash and cash equivalents at beginning of year</b>	23,837,373	6,889,662
<b>Cash and cash equivalents at end of year</b>	\$ 38,416,842	23,837,373

See accompanying notes to financial statements.



安侯建業聯合會計師事務所

KPMG

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

Telephone 電話 + 886 (2) 8101 6666

Fax 傳真 + 886 (2) 8101 6667

Internet 網址 kpmg.com/tw

## 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, 2016 and 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2016 and 2015, 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, 2016 and 2015, 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 for our opinion.

### Key Audit Matters

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

#### 1. Provision of sales return and allowance

Please refer to Note 4(p) “Revenue”, Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(l) “provision of sales return and allowance” 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 are deducted before arriving at revenue.



#### **How the matter was addressed in our audit**

Our principal audit procedures included: testing the Group's controls surrounding the revenue recognition, key manual and systems-based controls in the sales transaction cycle, including reconciliations between sales systems and the general ledger; assessing whether appropriate policies are applied through comparison with accounting standards; Our audit work in respect of the accrual for rebates and returns involved testing key controls, including the Group's review on claims and credits. In addition, we considered the accuracy of the accrual calculation, collaborated inputs, key assumptions, and historical accuracy of the accrual.

### **2. Inventory valuation**

Please refer to Note 4(h) "Inventories", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(d) "Inventories" of the consolidated financial statements.

#### **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.

### **3. Recognition of the Deferred Tax Assets**

Please refer to Note 4(s) "Income Taxes" and Note 6(o) "Income Taxes" of the consolidated financial statements.

#### **Description of key audit matter**

The recognition of deferred tax assets for the related unused tax losses and deductible temporary differences; and the recognition and measurement of the above-mentioned deferred tax assets are based on the management's estimates on the possible future taxable profits and the availability that the related deferred tax assets will be realized. This is one of the key areas our audit focused on.

#### **How the matter was addressed in our audit**

Our principal audit procedures included: reviewing the process on the managements assessment on the recognition and measurement of the deferred tax assets; comparing consistency of the management's estimates for assumptions used in the future financial budget with future operation projection, and evaluating whether appropriate assumptions above are applied; And assessing the recognition and measurement of the deferred tax assets. In addition, we also considered the adequacy of the Group's disclosures of its deferred tax assets policy and other related disclosures.



## **Other Matter**

Wistron Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2016 and 2015, 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 Ya-Ling Chen and Li-Li Lu.

KPMG

Taipei, Taiwan (Republic of China)  
March 20, 2017

#### 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.

**WISTRON CORPORATION AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2016 and 2015**

(expressed in thousands of New Taiwan dollars)

	December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Assets</b>									
<b>Current assets:</b>									
1100	\$	57,561,050	21	58,559,754	20	2100	\$	44,762,259	16
1110		238,924	-	2,981,560	1			25,130	-
1125		756,632	-	218,601	-			123,035,225	44
1170		89,727,482	32	90,940,666	31			1,186,708	-
1180		5,769	-	520,060	-			43,254	-
1210		4,678	-	15,715	-			2,140,679	1
1220		1,163,657	-	1,287,752	1			1,441,160	-
130X		65,216,279	23	67,610,877	23			24,818,792	9
1476		255,943	-	-	-			197,453,207	70
1479		10,706,317	4	9,055,352	4			11,567,720	4
		<u>225,656,731</u>	<u>80</u>	<u>232,090,337</u>	<u>80</u>			<u>3,746,258</u>	<u>1</u>
<b>Non-current assets:</b>									
1523		2,802,720	1	2,748,475	1			2,019,924	1
1543		1,539,065	1	1,325,107	1			17,333,902	6
1550		5,928,289	2	5,846,378	2			214,787,109	76
1600		36,448,176	13	37,676,747	12			26,503,165	9
1780		1,247,465	-	2,016,785	1			21,353,585	8
1840		4,991,405	2	5,461,032	2			21,344,172	8
1990		4,141,707	1	3,220,183	1			636,406	-
		<u>57,098,827</u>	<u>20</u>	<u>58,294,707</u>	<u>20</u>			<u>(2,592,278)</u>	<u>(1)</u>
<b>Total assets</b>									
	\$	<u>282,755,558</u>	<u>100</u>	<u>290,385,044</u>	<u>100</u>			<u>67,245,050</u>	<u>24</u>
<b>Liabilities and Equity</b>									
<b>Current liabilities:</b>									
								723,399	-
								67,968,449	24
								67,968,449	24
								282,755,558	100
								290,385,044	100
<b>Non-current liabilities:</b>									
								14,068,205	4
								4,908,200	2
								2,347,073	1
								21,323,478	7
								221,167,831	76
<b>Equity attributable to owners of parent (notes 6(o)(p)(q)):</b>									
								25,554,824	9
								20,707,328	7
								22,162,377	8
								3,012,160	1
								(2,721,183)	(1)
								68,715,506	24
								501,707	-
								69,217,213	24
								290,385,044	100

**WISTRON CORPORATION AND ITS SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2016 and 2015**

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

		<u>2016</u>		<u>2015</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100	Net revenues (notes 6(l)(s) and 7)	\$ 659,908,231	100	623,273,988	100
5000	Cost of sales (notes 6(d)(h)(i)(l)(m)(n)(q)(t), 7 and 12)	<u>628,263,714</u>	<u>95</u>	<u>593,857,752</u>	<u>95</u>
5900	Gross profit	<u>31,644,517</u>	<u>5</u>	<u>29,416,236</u>	<u>5</u>
<b>Operating expenses (notes 6(c)(h)(i)(m)(n)(q)(t), 7 and 12):</b>					
6100	Selling	8,883,365	1	10,897,273	2
6200	Administrative	2,954,205	1	2,746,336	-
6300	Research and development	<u>13,794,877</u>	<u>2</u>	<u>13,382,922</u>	<u>2</u>
	<b>Total operating expenses</b>	<u>25,632,447</u>	<u>4</u>	<u>27,026,531</u>	<u>4</u>
	<b>Operating income</b>	<u>6,012,070</u>	<u>1</u>	<u>2,389,705</u>	<u>1</u>
<b>Non-operating income and expenses:</b>					
7010	Other income (notes 6(m)(s) and 7)	1,167,000	-	1,816,467	-
7020	Other gains and losses (note 6(s))	(369,899)	-	(174,198)	-
7050	Finance costs (note 6(s))	(1,981,651)	-	(1,862,406)	-
7060	Recognized share of associates and joint ventures accounted for equity method (note 6(e))	<u>(70,420)</u>	<u>-</u>	<u>200,797</u>	<u>-</u>
		<u>(1,254,970)</u>	<u>-</u>	<u>(19,340)</u>	<u>-</u>
7900	<b>Profit before tax</b>	4,757,100	1	2,370,365	1
7950	Less: income tax expense (note 6(o))	1,764,096	-	1,099,470	-
8200	<b>Net profit</b>	<u>2,993,004</u>	<u>1</u>	<u>1,270,895</u>	<u>1</u>
<b>Other comprehensive income (notes 6(e)(n)(o)(p)):</b>					
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss:</b>				
8311	Remeasurements of the defined benefit liability	(170,254)	-	(102,911)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for equity method	(3,654)	-	(14,977)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(29,005)</u>	<u>-</u>	<u>(17,758)</u>	<u>-</u>
		<u>(144,903)</u>	<u>-</u>	<u>(100,130)</u>	<u>-</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss:</b>				
8361	Exchange differences on translation of financial statements	(2,062,812)	(1)	2,338,456	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	(103,294)	-	423,613	-
8370	Share of other comprehensive income of associates and joint ventures accounted for equity method	(150,702)	-	(77,101)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(30,725)</u>	<u>-</u>	<u>(17,014)</u>	<u>-</u>
		<u>(2,286,083)</u>	<u>(1)</u>	<u>2,701,982</u>	<u>-</u>
	<b>Other comprehensive income, net of tax</b>	<u>(2,430,986)</u>	<u>(1)</u>	<u>2,601,852</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 562,018</u>	<u>-</u>	<u>3,872,747</u>	<u>1</u>
<b>Net profit attributable to:</b>					
8610	Owners of parent	\$ 2,961,101	1	1,334,094	1
8620	Net profit non-controlling interests	<u>31,903</u>	<u>-</u>	<u>(63,199)</u>	<u>-</u>
		<u>\$ 2,993,004</u>	<u>1</u>	<u>1,270,895</u>	<u>1</u>
<b>Comprehensive income attributable to:</b>					
8710	Owners of parent	\$ 531,776	-	3,933,920	1
8720	Non-controlling interests	<u>30,242</u>	<u>-</u>	<u>(61,173)</u>	<u>-</u>
	<b>Total comprehensive income</b>	<u>\$ 562,018</u>	<u>-</u>	<u>3,872,747</u>	<u>1</u>
<b>Earnings per share (in dollars), after tax (note 6(r))</b>					
9750	Basic earnings per share	<u>\$ 1.20</u>		<u>0.53</u>	
9850	Diluted earnings per share	<u>\$ 1.17</u>		<u>0.51</u>	

See accompanying notes to financial statements.

**WISTRON CORPORATION AND ITS SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

	Equity, attributable to owners of parent										Total	Non-controlling interests	Total equity	
	Retained earnings		Other equity interest		Exchange differences on translation of financial statements		Unrealized gains (losses) on available-for-sale financial assets		Other unearned compensation for restricted employee share of stock					Subtotal
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Retained earnings subtotal	Unrealized gains (losses) on available-for-sale financial assets	Unrealized gains (losses) on available-for-sale financial assets	Other unearned compensation for restricted employee share of stock	Subtotal	Treasury stock	Total		
<b>Balance at January 1, 2015</b>	24,683,671	20,441,985	6,803,752	2,788,554	13,659,029	24,651,333	1,181,567	1,334,094	(310,913)	33,680	-	69,799,674	207,422	70,007,096
Net profit (loss)	-	-	-	-	1,334,094	(1,334,094)	-	-	-	-	-	1,334,094	(63,199)	1,270,895
Other comprehensive income	-	-	-	-	(1,001,130)	(1,001,130)	-	-	-	-	-	3,599,826	-	2,601,852
Total comprehensive income	-	-	-	-	332,964	(2,335,224)	-	-	-	-	-	4,933,920	(63,199)	4,870,721
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	357,854	-	(357,854)	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,394,277)	1,394,277	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,961,921)	(2,961,921)	-	-	-	-	-	(2,961,921)	-	(2,961,921)
Stock dividends	740,480	-	-	-	(740,480)	(740,480)	-	-	-	-	-	-	-	-
New share issued through employee bonuses	330,680	361,102	-	-	-	-	-	-	-	-	-	691,782	-	691,782
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	36,483	-	-	(3,684)	(3,684)	-	-	-	-	-	32,799	-	32,799
Retirement of treasury stock	-	-	-	-	-	-	-	-	-	-	(2,721,183)	(2,721,183)	-	(2,721,183)
Treasury stock transferred to employees	-	-	-	-	25,001	-	-	-	-	-	-	25,001	-	25,001
Changes in ownership interest of subsidiaries	-	-	13,152	-	(16,837)	(16,837)	-	-	-	-	-	(3,685)	-	(3,685)
Share-based payment transactions	(199,010)	(170,395)	-	-	(16,837)	(16,837)	-	-	-	-	-	(80,881)	-	(80,881)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	288,524	288,524	-	355,458	-	355,458
<b>Balance at December 31, 2015</b>	25,354,824	20,707,328	7,161,606	1,394,277	13,606,494	22,162,377	3,442,745	(408,196)	(22,389)	3,012,160	(2,721,183)	68,715,506	591,707	69,217,213
Net profit	-	-	-	-	2,961,101	(2,961,101)	-	-	-	-	-	2,961,101	31,903	2,993,004
Other comprehensive income	-	-	-	-	(144,903)	(144,903)	(2,241,318)	(43,101)	-	(2,284,422)	-	(2,429,525)	(1,661)	(2,430,986)
Total comprehensive income	-	-	-	-	2,816,198	(2,816,198)	(43,104)	-	-	(2,284,422)	-	531,276	30,242	562,018
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	133,409	-	(133,409)	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,394,277)	1,394,277	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,995,344)	(2,995,344)	-	-	-	-	-	(2,995,344)	-	(2,995,344)
Stock dividends	726,336	-	-	-	(726,336)	(726,336)	-	-	-	-	-	-	-	-
New share issued through employee bonuses	240,202	255,813	-	-	-	-	-	-	-	-	-	496,015	-	496,015
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	103,833	-	-	(1,739)	(1,739)	-	-	-	-	-	102,094	-	102,094
Retirement of treasury stock	-	-	-	-	-	-	-	-	-	-	(533,236)	(533,236)	-	(533,236)
Treasury stock transferred to employees	-	-	-	-	-	-	-	-	-	-	662,141	662,141	-	662,141
Changes in ownership interest of subsidiaries	-	-	7,503	-	(3,019)	(3,019)	-	-	-	-	-	(3,615)	-	(3,615)
Share-based payment transactions	(18,197)	279,704	-	-	2,015	2,015	-	-	(91,332)	(91,332)	-	172,210	-	172,210
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	191,450	-	191,450
<b>Balance at December 31, 2016</b>	26,503,165	21,353,585	7,295,015	1,201,437	14,049,157	21,344,172	1,201,437	(451,300)	(113,721)	636,406	(2,592,278)	67,245,050	723,399	67,968,449

See accompanying notes to financial statements.

**WISTRON CORPORATION AND ITS SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2016 and 2015**  
**(expressed in thousands of New Taiwan dollars)**

	2016	2015
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 4,757,100	2,370,365
Adjustments to reconcile net income to net cash generated from operating activities:		
Depreciation expense	7,657,414	7,842,216
Amortization expense	392,107	433,006
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,028,106	(947,135)
Interest expense	1,981,651	1,862,406
Interest income	(933,695)	(1,609,279)
Dividend income	(108,650)	(132,890)
Compensation cost arising from shares-based payment	173,179	(78,500)
Recognized share of associates and joint ventures accounted for equity method	70,420	(200,797)
Loss on disposal of property, plant and equipment	383,549	846,672
Property, plant and equipment transferred to expenses	511	4,161
Other assets transferred to expense	46,977	30,493
Gain on disposal of intangible assets	(72,753)	-
Loss (gain) on disposal of investments	9,317	(8,149)
Other investments loss	40,611	431,384
Impairment loss on assets	377,110	174,272
Loss on retirement of convertible bonds	-	6,827
Exchange difference of bonds payable	-	(5,134)
	11,045,854	8,649,553
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in accounts receivable	64,266	10,614,954
Decrease in accounts receivable-related parties	514,100	3,507,330
Decrease (increase) in other receivable-related parties	17	(4,678)
Decrease in inventories	487,616	8,122,798
Decrease (increase) in other current assets	(747,195)	26,031
<b>Total changes in operating assets</b>	318,804	22,266,435
<b>Changes in operating liabilities:</b>		
Increase (decrease) in accounts payable	25,518,957	(12,316,614)
Decrease in accounts payable-related parties	(907,250)	(4,261,722)
Decrease in other payable-related parties	(22,845)	(500,768)
Increase in provisions	52,514	343,391
Increase in other current liabilities	8,024,709	2,006,677
Decrease in other non-current liabilities	(322,041)	(192,308)
<b>Total changes in operating liabilities</b>	32,344,044	(14,921,344)
<b>Net changes in operating assets and liabilities</b>	32,662,848	7,345,091
<b>Total changes in operating assets and liabilities</b>	43,708,702	15,994,644
<b>Cash generated from operations</b>	48,465,802	18,365,009
Interest received	999,360	1,699,312
Dividends received	500,167	399,811
Interest paid	(2,074,827)	(1,970,191)
Income taxes paid	(2,532,228)	(2,743,939)
<b>Net cash generated from operating activities</b>	45,358,274	15,750,002
<b>Cash flows used in investing activities:</b>		
Decrease in other receivable-related parties	11,020	10,722
Increase in available-for-sale financial assets	(7,101,721)	(2,762,008)
Proceeds from disposal of available-for-sale financial assets	6,194,401	2,491,350
Increase in financial assets at cost	(357,662)	(490,182)
Proceeds from disposal of financial assets at cost	-	22,532
Return of capital of financial assets at cost	61,204	56,641
Increase in equity-accounted investees	(529,648)	(100,060)
Proceeds from disposal of equity-accounted investees	371,535	-
Increase in property, plant and equipment	(6,493,097)	(3,784,661)
Proceeds from disposal of property, plant and equipment	452,293	455,475
Increase in intangible assets	(443,013)	(370,066)
Proceeds from disposal of intangible assets	293,141	-
Decrease in refundable deposits	23,058	-
Increase in other financial assets	(267,366)	-
Increase in other non-current assets	(2,874,447)	(2,092,990)
Cash received (out flow) through merger	(124,820)	32,669
Other	-	1,932
<b>Net cash flows used in investing activities</b>	(10,785,122)	(6,328,646)
<b>Cash flows used in financing activities:</b>		
Increase of short-term loans	533,423,556	443,824,262
Repayments of short-term loans	(564,627,844)	(438,433,390)
Retirement of convertible bonds	-	(605,030)
Increase in long-term loans	6,348,022	22,554,167
Repayments of long-term loans	(7,565,957)	(29,359,116)
Decrease in deposits received	(185,444)	(302,164)
Cash dividends to shareholders	(2,903,716)	(2,961,921)
Retirement of treasury stock	(533,236)	(2,721,183)
Treasury shares transferred to employees	669,644	25,001
Change in non-controlling interests	429,599	42,207
<b>Net cash flows used in financing activities</b>	(34,945,376)	(7,937,167)
<b>Effect of exchange rate changes</b>	(626,480)	1,583,236
<b>Net increase (decrease) in cash and cash equivalents</b>	(998,704)	2,867,425
<b>Cash and cash equivalents at beginning of year</b>	58,559,754	55,692,329
<b>Cash and cash equivalents at end of year</b>	57,561,050	58,559,754

See accompanying notes to financial statements.

## Appendix 2

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2016 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Wistron's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Wistron Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Wistron Corporation

Convener of the Audit Committee : 

March 20, 2017

### Appendix 3

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

Items	Original Version	Amendment Version	Reason
Article 2	<p>Applicable Range and Definition</p> <p>The Codes of Ethical Conduct shall apply to the Directors of the Board (including the independent Directors, and hereinafter referred the same), managerial officers and employees employed or entrusted by the Company (hereinafter as Relevant Personnel).</p>	<p>Applicable Range and Definition</p> <p>The Codes of Ethical Conduct shall apply to the Directors of the Board (including the independent Directors, and hereinafter referred the same), managerial officers and employees employed or <u>delegated by the Company or persons having substantial control over the Company entrusted by the Company</u> (hereinafter as Relevant Personnel).</p>	To comply with the Regulation update.
Article 8	<p>The Execution for Codes of Ethical Conduct</p> <p>1. To achieve sound ethical corporate management, Adm. &amp; H.R unit is delegated to take charge of establishing and supervising the implementation of the ethical corporate management policies and related measures, and it shall report to the Board of Directors on a regular basis; and relevant units shall hold training courses and publicize the Codes of Ethical Conduct to ensure that all Relevant Personnel understand, accept and will strictly abide by and enforce the Codes.</p> <p>2. All Relevant Personnel shall keep alert in any action that might contravene the Codes of Ethical Conduct. When in doubt or discover any action that will breach the Codes of Ethical Conduct, they have the responsibility to report to supervisors or the Board of Directors. When necessary, one can directly report to the head supervisors of human resources department, the head supervisors of audit department, the chairman or through the employee complaint channels. When Relevant Personnel report an action that</p>	<p>The Execution for Codes of Ethical Conduct</p> <p>1. To achieve sound ethical corporate management, Adm. &amp; H.R unit is delegated to take charge of establishing and supervising the implementation of the ethical corporate management policies and related measures, and it shall report to the Board of Directors on a regular basis; and relevant units shall hold training courses and publicize the Codes of Ethical Conduct to ensure that all Relevant Personnel understand, accept and will strictly abide by and enforce the Codes.</p> <p><del>2. All Relevant Personnel shall keep alert in any action that might contravene the Codes of Ethical Conduct. When in doubt or discover any action that will breach the Codes of Ethical Conduct, they have the responsibility to report to supervisors or the Board of Directors. When necessary, one can directly report to the head supervisors of human resources department, the head supervisors of audit department, the chairman or through the employee complaint channels. When Relevant Personnel report an action that</del></p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 8	<p>contravenes the Codes of Ethical Conduct or involves in the investigation process that ensues as a result in the report by Relevant Personnel, the Company shall provide them protection so that they will not be treated unjustly or prevent from retaliation.</p> <p>3. When a manager or employee contravenes the Codes of Ethical Conduct, the Company shall take actions including dismissal or termination of entrustment in accordance to the relevant regulations in the “Enforcement Guidelines for the Reward and Punishment of Employees”.</p> <p>4. When the Director commits an act that contravenes the Codes of Ethical Conduct, it shall be handed to the Board of Directors for further investigation and disposition.</p> <p>5. For those who are involved with the Company’s business operation and who also contravene the principles of Integrity and freedom from corruption, the Company shall strictly dispose of such case, and shall decrease or cancel the business relationship with aforementioned companies depending on the gravity of the situation. Such cases will be handed to judicial authorities for disposition.</p> <p>6. Relevant Personnel shall continue to raise awareness and publicize the Company’s Codes of Ethical Conduct to business related units or other companies that are involved in the business relations with the Company to ensure that they understand and support the determination and polices of the ethical corporate management of the Company.</p>	<p><del>contravenes the Codes of Ethical Conduct or involves in the investigation process that ensues as a result in the report by Relevant Personnel, the Company shall provide them protection so that they will not be treated unjustly or prevent from retaliation.</del></p> <p><del>3. When a manager or employee contravenes the Codes of Ethical Conduct, the Company shall take actions including dismissal or termination of entrustment in accordance to the relevant regulations in the “Enforcement Guidelines for the Reward and Punishment of Employees”.</del></p> <p><del>4. When the Director commits an act that contravenes the Codes of Ethical Conduct, it shall be handed to the Board of Directors for further investigation and disposition.</del></p> <p><del>5. For those who are involved with the Company’s business operation and who also contravene the principles of Integrity and freedom from corruption, the Company shall strictly dispose of such case, and shall decrease or cancel the business relationship with aforementioned companies depending on the gravity of the situation. Such cases will be handed to judicial authorities for disposition.</del></p> <p><u>2</u>6. Relevant Personnel shall continue to raise awareness and publicize the Company’s Codes of Ethical Conduct to business related units or other companies that are involved in the business relations with the Company to ensure that they understand and support the determination and polices of the ethical corporate management of the Company.</p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 9	(newly added)	<p><u>Disciplinary measures on the Relevant Personnel involved in violation of the Codes</u></p> <p>1. <u>The Company encourages the insiders and outsiders to report any activities which violate the Codes, however, insiders shall not make false report or malicious accusation, people who conduct the aforementioned behaviors shall be subject to disciplinary action, and removed from office if the circumstance concerned is material.</u></p> <p>2. <u>A whistleblower shall at least furnish the following information:</u>  (1)<u>The whistleblower’s name and I.D. number, and the communication channels to reach him/her.</u>  (2)<u>The informed party’s name or other information sufficient to distinguish its identifying features.</u>  (3)<u>Specific facts and evidences available for investigation.</u></p> <p>3. <u>Company personnel handling reported matters shall represent in writing that they will keep the whistleblowers’ identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their report. The responsible unit of this Corporation shall observe the following procedure:</u>  (1)<u>Tip involving a general employee shall be reported to the department head or the highest manager of Administration and Adm. &amp; H.R unit; tip involving a director or senior manager shall be reported to the highest manager of Auditing office or the independent directors.</u>  (2)<u>The responsible unit of the</u></p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 9	(newly added)	<p><u>Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts, and be provided with the assistance of the legal compliance or other related department if necessary.</u></p> <p><u>(3)If a person being informed of is confirmed to have indeed violated the Codes of Ethical Conduct, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</u></p> <p><u>(4)The business transaction counterparties involved in violating the Codes of Ethical Conduct will be strictly treated by the Company by decreasing or canceling the cooperation with the Company according to the extent of violation, or reported to the corresponding judicial authorities.</u></p> <p><u>(5)Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the reported case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</u></p> <p><u>(6)With respect to a confirmed reported case, the Company shall charge relevant units with the task of reviewing the internal control system and</u></p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 9	(newly added)	<u>relevant procedures and proposing corrective measures to prevent recurrence.</u> (7) <u>The responsible unit of the Company shall submit to the board of directors a report on the reported case, actions taken, and subsequent reviews and corrective measures.</u>	To comply with the Regulation update.
Article 10 (Original Article 9)	Enforcement and Amendment The Principles will be implemented after adoption by resolution of the Board of Directors, same as amendment, and will be delivered to the shareholders meeting for report. The Codes are enacted on March 25 <sup>th</sup> , 2014.	Enforcement and Amendment The Principles will be implemented after adoption by resolution of the Board of Directors, same as amendment, and will be delivered to the shareholders meeting for report. The Codes are enacted on March 25 <sup>th</sup> , 2014. <u>The 1<sup>st</sup> amendment was made on November 11, 2016.</u>	Correspondence to the amendment date.

## Appendix 4

### **Wistron Corporation** **Codes of Ethical Conduct**

#### Article 1 Purpose

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

#### Article 2 Applicable Range and Definition

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

#### Article 3 Important Codes of Ethical Conduct

1. Integrity is Wistron's core value, and is also the root for operating an enterprise. To operate an enterprise based on Integrity is to provide a job environment and atmosphere that will allow Relevant Personnel to execute their job duties in accordance to the ethical standard. The Company requires that all Relevant Personnel to fully understand and abide by the Codes of Ethical Conduct and Self Integrity. The following is the relevant and important codes of ethical conduct:

- (1) One must strictly keep confidential the information related to the Company or clients whom the Company purchases goods from or whom the Company sells products to. Unless being authorized or prescribed under law to disclose the above information, one has the obligation to keep confidentiality. The confidential information that must not be disclosed includes all information that could be possibly used by competitors or cause damages to the Company or the Company's clients after disclosure.
- (2) When one uses information related to the Company or clients whom the Company purchases goods from or whom the Company sells products to, one must not contravene the acts and laws, or the Company's Policies and Procedures on the Protection of Confidential Information.

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

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

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

Article 4 Recusal Policy on the Conflict of Interest

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

Article 5 Giving Presents and Treats as Part of Business Routine

1. To maintain the highest standard for ethical conduct, one must not accept

or give any presents, cash gifts, treats from suppliers, contractors, clients, and other relevant parties and groups (including governmental agencies) involved in the Company's business operation, for such action will affect the normal operation of business and judgment. Any form of bribery is strictly prohibited.

2. When it is necessary to accept presents or any types of gifts, one shall proceed in accordance to the following in addition to abiding by Paragraph 1 of Article 5:
  - (1) One must not accept cash, check, or any valuable papers (such as gift coupons or stocks).
  - (2) When one has to accept as a courtesy the presents or treats, the value of such must not exceed or can only be equivalent of NTD1,000 as the maximum limit. If the presents from the company include its trademark souvenirs, then the value of such must not exceed and can only be equivalent of NTD\$6,000 as the maximum limit.
  - (3) If one must accept a present in the fear that refusal might be inappropriate, and such present temporarily accepted has exceeded the value stated in Paragraph 2.b. in Article 5, such present shall be handed to the Executive Secretary of the Employees' Welfare Committee within seven days of acceptance for disposition.
  - (4) One must not subscribe any shares of stock or any other similar preferential packages from any units or companies that are involved with the Company's business operation outside the open transaction market.
3. To maintain and promote the normal business relationship and operation of the Company, one may be permitted to give presents to relevant individuals involved in the Company's business operation. However, such acts must be done in accordance to the aforementioned Paragraph 1 under Article 5, and abide by the following rules:
  - (1) Write down what the presents were for and the presents shall contain the name of the Company.
  - (2) One should select the most appropriate presents for subjects from the presents provided by the Company.
4. When one accepts or arranges any treats related to business operation, they shall be done in accordance to the rules of general business courtesy and cannot be too frequent, and must not let customers or companies think that such presents or treats are part of the conditions to maintain business relationship with the Company.

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

Article 6 The Procedure for Handling the Provision of Legal Political Donations

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

1. It should be done pursuant to the Political Donations Act and relevant acts, and shall not use it to seek commercial benefits or transaction advantages.
2. Relevant Personnel shall not directly or indirectly provide political donations in the name of the Company.
3. One must not use any of the Company's property, facility or to participate in political activities during working hours.
4. When making political donations in the Company's name, it must be done only after the approval of the Chairman notwithstanding the amount of such donation.

Article 7 The Procedure and Amount Standards for Handling the Provision of Just Charitable Donations or Sponsorship

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

1. It should be done pursuant to relevant acts and internal operation procedures, and must not turn into an act of bribery through other manners.
2. If one makes a legal charitable donation or sponsorship in the Company's name, it must be done only after the Chairman's approval notwithstanding the amount of such donation or sponsorship.

Article 8 The Execution for Codes of Ethical Conduct

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

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

1. The Company encourages the insiders and outsiders to report any activities which violate the Codes, however, insiders shall not make false report or malicious accusation, people who conduct the aforementioned behaviors shall be subject to disciplinary action, and removed from office if the circumstance concerned is material.
2. A whistleblower shall at least furnish the following information:
  - (1)The whistleblower's name and I.D. number, and the communication channels to reach him/her.
  - (2)The informed party's name or other information sufficient to distinguish its identifying features.
  - (3)Specific facts and evidences available for investigation.
3. Company personnel handling reported matters shall represent in writing that they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their report. The responsible unit of this Corporation shall observe the following procedure:
  - (1)Tip involving a general employee shall be reported to the department head or the highest manager of Administration and Adm. & H.R unit; tip involving a director or senior manager shall be reported to the highest manager of Auditing office or the independent directors.
  - (2)The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts, and be provided with the assistance of the legal compliance or other related department if necessary.
  - (3)If a person being informed of is confirmed to have indeed violated the Codes of Ethical Conduct, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
  - (4)The business transaction counterparties involved in violating the Codes of Ethical Conduct will be strictly treated by the Company by decreasing or canceling the cooperation with the Company according to the extent of violation, or reported to the corresponding judicial authorities.
  - (5)Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained

electronically. In the event of a suit in respect of the reported case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.

(6) With respect to a confirmed reported case, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

(7) The responsible unit of the Company shall submit to the board of directors a report on the reported case, actions taken, and subsequent reviews and corrective measures.

#### Article 10 Enforcement and Amendment

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

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

The 1<sup>st</sup> amendment was made on November 11, 2016.

## Appendix 5

### Comparison between Original and Amendments to “Ethical Corporate Management Best Practice Principles”

Items	Original Version	Amendment Version	Reason
Article 2	<p>When engaging in commercial activities, directors, managers and employees of the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, or commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (“unethical conduct”) for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, managers, employees or other stakeholders.</p>	<p>When engaging in commercial activities, directors, managers, <del>and</del> employees, <u>mandataries</u> of the Company <u>or persons having substantial control over the Company (“substantial controllers”)</u> shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, or commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (“unethical conduct”) for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, managers, employees, <u>mandataries</u>, <u>substantial controllers</u> or other stakeholders.</p>	To comply with the Regulation update.
Article 4	<p>Compliance with applicable laws or regulations</p> <p>The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, or TWSE/GTSM-listing rules, as the underlying basic premise to facilitate ethical corporate management.</p>	<p>Compliance with applicable laws or regulations</p> <p>The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, <u>Act on Recusal of Public Servants Due to Conflicts of Interest</u>, <del>or</del> <u>TWSE/GTSM-listing rules or other laws or regulations regarding commercial activities</u>, as the underlying basic premise to facilitate ethical corporate management.</p>	To comply with the Regulation update.
Article 10	<p>Prohibition of bribery</p> <p>When conducting business, the Company and directors, managers and employees, shall not directly or indirectly offer, promise to offer, request or accept any improper</p>	<p>Prohibition of bribery</p> <p>When conducting business, the <del>Company</del> <del>and</del> directors, managers-<del>and</del>, employees, <u>mandataries and substantial controllers of the Company</u> shall not directly or</p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 10	benefits, including rebates, commissions, grease payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, unless the laws of the territories where the Company operate permit so.	indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, grease payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, <del> unless the laws of the territories where the Company operate permit so.</del>	To comply with the Regulation update.
Article 11	Prohibition of offering illegal political donations When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and directors, managers and employees, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.	Prohibition of offering illegal political donations When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the <del>Company</del> and directors, managers, employees, <u>mandataries and substantial controllers of the Company</u> shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.	To comply with the Regulation update.
Article 12	Prohibition of improper donations and sponsorship When making or offering donations and sponsorship, the Company and their directors, managers and employees shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.	Prohibition of improper donations and sponsorship When making or offering donations and sponsorship, the <del>Company and their</del> directors, managers <del>and</del> employees, <u>mandataries and substantial controllers of the Company</u> shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.	To comply with the Regulation update.
Article 13	Prohibition of unreasonable presents, hospitality or other improper benefits The Company and directors, managers and employees shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.	Prohibition of unreasonable presents, hospitality or other improper benefits The <del>Company and</del> directors, managers <del>and</del> employees, <u>mandataries and substantial controllers of the Company</u> shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 14	(newly added)	<u>Prohibition of Intellectual Property Right Infringement</u> <u>The directors, managers, employees, mandataries and substantial controllers of the Company shall observe applicable laws and regulations concerning intellectual property, the Company's internal operational procedures, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights owner.</u>	To comply with the Regulation update.
Article 15	(newly added)	<u>Prohibition of conducting unfair competition behavior</u> <u>The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output or quotas restrictions, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</u>	To comply with the Regulation update.
Article 16	(newly added)	<u>Preventing product or service from damaging interested party</u> <u>In the course of research and development, procurement, manufacture, provision, or sale of products and services, the directors, managers, employees, mandataries, and substantial controllers of the Company shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and the safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the</u>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 16	(newly added)	<u>company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.</u>	To comply with the Regulation update.
Article 17 (Original Article 14)	Organization and responsibility The Board of Directors of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, Administration and Human Resource Department is delegated to take charge of establishing and supervising the implementation of the ethical corporate management policies and prevention programs. If any material violation is discovered, the Company shall report to the Board of Directors.	Organization and responsibility <del>The Board of Directors</del> <u>directors, managers, employees, mandataries, and substantial controllers</u> of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, Administration and Human Resource Department is delegated to take charge of establishing and supervising the implementation of the ethical corporate management policies and prevention programs, <u>and it shall</u> <del>if any material violation is discovered, the Company shall report to the</del> Board of Directors <u>on a regular basis.</u>	To comply with the Regulation update.
Article 18 (Original Article 15)	Compliance with applicable laws or regulations when conducting business The Company and directors, managers and employees shall comply with laws and regulations and the prevention measure when conducting business.	Compliance with applicable laws or regulations when conducting business <del>The Company and</del> directors, managers <del>and</del> employees, <u>mandataries, and substantial controllers of the Company</u> shall comply with laws and regulations and the prevention measure when conducting business.	To comply with the Regulation update.
Article 19 (Original Article 16)	Avoiding conflicts of interest of directors and managers The Company shall adopt policies for preventing conflicts of interest and offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the	Avoiding conflicts of interest of directors and managers The Company shall adopt policies for preventing conflicts of interest and offer appropriate means for directors <del>and</del> managers <u>and other stakeholders attending or present at board meetings</u> to voluntarily explain	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 19 (Original Article 16)	<p>company. The details according to “The Adoption of Codes of Ethical Conduct” of the Company.</p> <p>The Company’s directors shall exercise a high degree of self-discipline, a director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The directors and managers of the Company shall not take advantage of their positions in the company to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>whether their interests would potentially conflict with those of the company. The details according to “The Adoption of Codes of Ethical Conduct” of the Company.</p> <p>The Company’s directors, <u>managers and other stakeholders attending or present at board meetings</u> shall exercise a high degree of self-discipline, a director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The directors <del>and</del> managers, <u>employees, mandataries and substantial controllers of the Company</u> shall not take advantage of their positions in the company to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	To comply with the Regulation update.
Article 20 (Original Article 17)	<p>Operational procedures and guidelines</p> <p>The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers and employees on how to conduct business. The procedures and guidelines should at least contain the following matters:</p> <p>.....</p>	<p>Operational procedures and guidelines</p> <p>The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers <del>and</del> <u>employees, mandataries and substantial controllers</u> on how to conduct business. The procedures and guidelines should at least contain the following matters:</p> <p>.....</p>	To comply with the Regulation update.
Article 21 (Original Article 18)	<p>Training and assessment</p> <p>The Company shall periodically organize training and awareness programs for directors, managers and</p>	<p>Training and assessment</p> <p>The Company shall periodically organize training and awareness programs for directors, managers</p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 21 (Original Article 18)	employees and invite the Company’s commercial transaction counterparties so they understand the Company’s resolve to implement ethical corporate management, the related policies, prevention measure and the consequences of committing unethical conduct. .....	<del>and,</del> employees, <u>mandataries and substantial controllers</u> and invite the Company’s commercial transaction counterparties so they understand the Company’s resolve to implement ethical corporate management, the related policies, prevention measure and the consequences of committing unethical conduct. .....	To comply with the Regulation update.
Article 22 (Original Article 19)	Rewards, penalties, and complaints The Company shall have in place a formal channel for receiving reports on unethical conduct and keep the reporter’s identity and content of the report confidential. The Company shall establish a well-defined disciplinary and complaint system to handle violation of the ethical corporate management rules, and immediately disclose on the Company’s internal website the offender’s job title, name, date the violation was committed, violating act and how the matter was handled.	Reporting and Discipline The company <u>adopts a concrete whistle-blowing system which includes the following:</u> <del>shall have in place a formal channel for receiving reports on unethical conduct and keep the reporter’s identity and content of the report confidential.</del> <del>The Company shall establish a well defined disciplinary and complaint system to handle violation of the ethical corporate management rules, and immediately disclose on the Company’s internal website the offender’s job title, name, date the violation was committed, violating act and how the matter was handled.</del> <u>1. An appropriate reporting channel to allow company insiders and outsiders to submit reports.</u> <u>2. The dedicated personnel who are or the dedicated unit which is appointed to handle whistle-blowing system shall report any tip involving a director or senior manager to the independent directors or the highest manager of Auditing office. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</u> <u>3. Documentation and retention of case acceptance, investigation processes, investigation results, and relevant documents.</u> <u>4. Confidentiality of the identity of whistle-blowers and the content</u>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 22 (Original Article 19)		<u>of reported cases.</u> <u>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</u> <u>6. Whistle-blowing incentive measures.</u>	To comply with the Regulation update.
Article 26 (Original Article 23)	The Principles were enacted on March 25, 2014.	The Principles were enacted on March 25, 2014. <u>The 1<sup>st</sup> amendment was made on November 11, 2016.</u>	Correspondence to the amendment date.

## Appendix 6

### Wistron Corporation

#### Ethical Corporate Management Best Practice Principles

##### Article 1 **Purpose of adoption and scope of application**

The Principles is promulgated to assist the Company to strengthen a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

In addition to juristic persons or institutions who already set up the Ethical Corporate Management Best Practice Principles or other internal rules, the Principles of the Company applicable to its business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("business group").

##### Article 2 **Prohibition of unethical conduct**

When engaging in commercial activities, directors, managers, employees, mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, or commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, managers, employees, mandataries, substantial controllers or other stakeholders.

##### Article 3 **Types of benefits**

"Benefits" in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

##### Article 4 **Compliance with applicable laws or regulations**

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM-listing rules or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate

ethical corporate management.

Article 5 **The policy**

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

Article 6 **Prevention measure**

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

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

Article 7 **The range of prevention measure**

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

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

Article 8 **Commission and implement**

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

Article 9 **Commercial transactions in ethical**

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

Article 10 **Prohibition of bribery**

When conducting business, the directors, managers, employees, mandataries and substantial controllers of the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, grease payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

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

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

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

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

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

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

Article 14 **Prohibition of Intellectual Property Right Infringement**

The directors, managers, employees, mandataries and substantial controllers of the Company shall observe applicable laws and regulations concerning intellectual property, the Company's internal operational procedures, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights owner.

Article 15 **Prohibition of conducting unfair competition behavior**

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output or quotas restrictions, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 **Preventing product or service from damaging interested party**

In the course of research and development, procurement, manufacture,

provision, or sale of products and services, the directors, managers, employees, mandataries, and substantial controllers of the Company shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and the safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17 **Organization and responsibility**

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

To achieve sound ethical corporate management, Administration and Human Resource Department is delegated to take charge of establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and it shall report to the Board of Directors on a regular basis.

Article 18 **Compliance with applicable laws or regulations when conducting business**

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

Article 19 **Avoiding conflicts of interest of directors and managers**

The Company shall adopt policies for preventing conflicts of interest and offer appropriate means for directors, managers and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company. The details according to "The Adoption of Codes of Ethical Conduct" of the Company.

The Company's directors, managers and other stakeholders attending or present at board meetings shall exercise a high degree of self-discipline, a director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a

director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper dealings.

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

Article 20 **Operational procedures and guidelines**

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

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

Article 21 **Training and assessment**

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

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

Article 22 **Reporting and Discipline**

The company adopts a concrete whistle-blowing system which includes the following:

1. An appropriate reporting channel to allow company insiders and outsiders to submit reports.
2. The dedicated personnel who are or the dedicated unit which is appointed to handle whistle-blowing system shall report any tip involving a director or senior manager to the independent directors or the highest manager of Auditing office. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation and retention of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

Article 23 **Information disclosure**

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

Article 24 **Review and improvement of the principles**

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

Article 25 **Enforcement**

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

Article 26 The Principles were enacted on March 25, 2014.

The 1<sup>st</sup> amendment was made on November 11, 2016.

## Wistron Corporation

### Profit Appropriation Statement for 2016

Unit: NT\$

<b>Undistributed Surplus at the Beginning of the year</b>		<b>11,235,680,958</b>
Plus(Minus):		
Remeasurements of the defined benefit liability	(144,903,093)	
Decrease in unappropriated earnings resulting from equity-accounted investees	(1,738,675)	
Changes in ownership interest of subsidiaries	(3,018,187)	
Share-based payment transaction	2,035,623	
Net Income After Tax	2,961,100,586	
Minus:		
Legal Reserve	(296,110,059)	
<b>Distributable Earnings</b>		<b>13,753,047,153</b>
Distribution Items:		
Stock Dividends to Common Shareholders	(760,542,260)	
Cash Dividends to Common Shareholders	(3,042,169,007)	(3,802,711,267)
<b>Undistributed Earnings at the end of the Period</b>		<b>9,950,335,886</b>

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

Note2: Cash dividend: NT\$1.2 per share, and the cash dividend is rounded down to the nearest NT dollars; the amount rounded off will be credited to other income of Wistron.

Chairman: Simon Lin

President: Robert Hwang

Controller: Stone Shih

## Appendix 8

### Wistron Corporation

#### Articles of Incorporation

##### **Chapter I General Provisions**

Article 1 The Company is incorporated in accordance with the provisions under the Company Law pertaining to companies limited by shares by the name of WISTRON CORPORATION.

Article 2 The business items of the Company are set out as follows:

1. CC01110 Manufacture of computer and peripheral equipment,
2. CC01060 Manufacture of wire communication equipment,
3. CC01070 Manufacture of radio communication equipment,
4. CC01080 Manufacture of electronic components and parts,
5. I301010 Information technology service,
6. I501010 Product design service,
7. F401010 Import/export trading and dealer businesses,
8. CE01030 Manufacture of optical equipment,
9. F401021 Import trading business of restricted radio frequency machinery, with permission only for radio transmitters,
10. CC01101 Manufacture of restricted radio frequency machinery, with permission only for radio transmitters.
11. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
12. JA02010 Electric appliance and products Repairing (can only be conducted outside Hsinchu Science Park )
13. J101090 Waste Disposition (can only be conducted outside Hsinchu Science Park)
14. CF01011 Medical equipment manufacturing
15. CD01030 Automobiles and Parts Manufacturing (can only be conducted outside Hsinchu Science Park )
16. F218010 Retail Sale of Computer Software (can only be conducted outside Hsinchu Science Park )
17. I301020 Data Processing Services
18. I301030 Digital Information Supply Services
  - (1) R&D, development, design, manufacture (including module), testing and sales of PCs, portable PCs, motherboards, servers, file-transfer protocols, high performance multi-CPU computing systems, multimedia PCs, web

PCs, consumer computing systems and professional computing systems, microprocessors, CD-ROM drivers, PDAs, tablet PCs, pocket PCs, interface cards, and semi-manufactured, components and parts, and related products thereof.

- (2) R&D, development, design, manufacture (including module), testing and sales of video phones and web phones, video conference equipment and electronic communication apparatus, and semi-manufactured, components and parts, and related products thereof.
- (3) R&D, development, design, manufacture (including module), testing and sales of satellite TV receivers, set-top-boxes, video-conference decoders, and semi-manufactured, components and parts, and related products thereof.
- (4) R&D, development, design, manufacture (including module), testing and sales of digital cameras, video CDs, Digital CDs, and semi-manufactured, components and parts, and related products thereof.
- (5) R&D, development, design, manufacture (including module), testing and sales of radio frequency machinery (mobile phones, wireless network cards, blue tooth module) and semi-manufactured, components and parts, and related products thereof.
- (6) Providing Integrated information systems, including software and programming; and
- (7) Import/export trading business related to the above businesses.
- (8) R&D, development, design, manufacture (including module), testing and sales of LCD TVs and other audiovisual electric products. (Can only be conducted outside Hsinchu Science Park.)
- (9) Providing repairing, cleansing and maintenance services for Electronic Appliance and products (can only be conducted outside Hsinchu Science Park).
- (10) Recycling and Disposition and Removal of Waste Electronic Products (can only be conducted outside Hsinchu Science Park).
- (11) R&D, development, design, production, manufacture, testing and sale of In-Vitro testing equipment / system / modules / platform, physiological signal detection medical materials and medical information transmission system products, semi-finished products and their peripherals or components.
- (12) Production, manufacture and sale of Various kinds of automotive electronic products (can only be conducted outside Hsinchu Science Park )

- Article 3 The Company may engage in external guarantees to meet business or investment needs.
- Article 4 The total investment amount by the Company is exempt from the cap amount provided in Section 13 of the ROC Company Law.
- Article 5 The head office of the Company is located in the Hsinchu Science Park. Subject to the approval by board of directors and governmental authority, the Company may set up branch offices at other proper location(s).

## **Chapter II Share Capital**

Article 6 The total capital amount of the Company is Forty Billion New Taiwan Dollars (NTD 40,000,000,000), which is divided into Four Billion (4,000,000,000) shares with a par value of Ten New Taiwan Dollars (NTD10) each and will be issued as common shares or preferred shares by installments by the Board of Directors.

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

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

1. The interest rate of the preferred shares dividend may not exceed 3.5% per annum.
2. The dividend of the preferred shares shall be made according to the offering price and offering days. Upon acknowledgement of the financial statements of the previous fiscal year at the annual general shareholders meeting and resolution to distribute earnings, the dividend will be made in cash in one payment. The BOD is authorized to determine the base ex-dividend date of the preferred share annual dividend.
3. The earnings of the Company (if any), upon annual closing will first be made to pay for taxes, make up for losses, appropriate to statutory reserves and special reserves. The remaining amount will then first be paid to distribute the preferred share dividend in priority over the dividends of the other shares.
4. Except for receiving a dividend as set out in Paragraph 1 herein, shareholders of Series A preferred shares may not participate in the distribution of common share earnings and capital surplus in the form of cash and capital injection.

5. In the event of no earnings or insufficient earnings to distribute the entire dividend of Series A preferred shares upon annual closing, the undistributed or under-distributed dividend of the year shall be accrued at a compound dividend interest rate until the year with earnings. The amount short will receive full payment with first seniority. However, the undistributed accrued preferred share dividend shall be paid out in full upon expiration of the offering terms.
6. The offering terms of the preferred shares shall not exceed 5 years. Upon expiration of the term, the total shares will be redeemed at the offering price together with the accrued dividend unpaid. In the event of matters beyond control or force majeure that the Company is unable to redeem all or part of the preferred shares, the rights of the shares unredeemed shall remain the same as set forth in the issuing terms until the Company makes a total redemption. The dividend will be calculated at the same interest rate for the extended term.
7. The preferred shares may not be converted to common shares during the term.
8. The preferred shares has seniority claim to the remaining assets of the company over common shares and the other preferred shares that are issued after the shares herein, however the amount shall not exceed the offering amount.
9. The shareholders of the preferred shares have voting rights and election rights at the common shareholders' meetings, and also the right to be elected as directors.
10. When the Company issues new share to raise cash capital, the preferred shareholders have senior stock option of the new shares as the common shareholders.
11. The BOD is authorized to govern the other related matters pursuant to the "Rules on Issuance of Series A Preferred Shares" prescribed at the time of offering.

Article 7 The shares in the Company will be registered shares duly certified by three or more of the directors of the Company, numbered and issued in accordance with laws.

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

Article 8 The shareholders' meetings of the Company are divided into ordinary shareholders' meetings and extraordinary shareholders' meetings. The ordinary shareholders' meeting will be duly convened within six months following the

close of each fiscal year in accordance with laws and regulations. Extraordinary shareholders' meetings may be convened when necessary in accordance with laws and regulations.

### **Chapter III Shareholders' Meeting**

Article 9 Except as otherwise provided by the relevant laws or regulations, shareholders may take action on a matter at a shareholders' meeting if a quorum of fifty percent (50%) or more of the outstanding shares of the Company exists. If a quorum exists, action on a matter is approved if more than fifty percent (50%) votes being represented at a meeting favor the action.

Article 10 A shareholder unable to personally attend the shareholders' meeting for whatever cause may vote by proxy with a duly executed appointment form issued by the Company specifying the authorized powers. Except for securities trust enterprises or stock agencies approved by the competent authority, a person who acts as a proxy for two or more shareholders are not entitled to vote when the represented shares exceed three percent (3%) of the total voting rights of the outstanding shares of the Company.

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

According to regulatory requirements, shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

### **Chapter IV Directors and Audit Committee**

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

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

Article 11-1 The Board of Directors shall be composed of at least 3 Independent Directors, who will be elected at the shareholders' meeting from the independent director

candidate list via the candidate nomination system. With respect to the Independent Director's profession, holding shares, work restriction, nomination and election method and other matters, all should be preceded by relevant regulations set by the securities authority.

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

Article 12 The chairperson of the Board of Directors represents the Company and is elected from among the directors by a majority of the directors present at a meeting with an attendance of two-thirds of the directors. The company may create an audit committee, nominating committee, remuneration committee or other functional committees.

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

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

## **Chapter V Managerial Officers**

Article 14 The Company will have one chief executive officer, one general manager and a number of vice general managers, whose appointment, discharge and remuneration will be determined in accordance with Section 29 of the Company Law. Subject to the authority prescribed by the board of directors, the officers shall be empowered to manage the operation of the company and to sign relevant business documents for the company.

## **Chapter VI Accounting**

Article 15 The Board of Directors will prepare the documents set forth below after the end of the fiscal year for submission to the shareholders' meeting for approval.

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

Article 16 If the Company has profit as a result of the yearly accounting closing, (profit means the profit before tax, excluding the amounts of employees' and directors' compensation) such profit will be distributed in accordance with the following, once the Company's accumulated losses shall have been covered.

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

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

## **Chapter VII Supplementary Provisions**

Article 17 In consideration that the Company is in a capital and technology-intensive industry and in consideration of the Company's expansion and for its continual and steady growth, a long-term investment plan needs to be adopted, therefore, the Company adopts the residual dividend policy as its dividend policy. Dividends paid by cash shall not be less than ten percent (10%) of the total dividends.

Article 18 Matters not prescribed under the Articles of Incorporation shall be in accordance with the Company Law and the relevant rules and regulations.

Article 19 The Procedure was enacted on May 23, 2001.

The 1<sup>st</sup> amendment was made on June 16, 2001.

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

The 3<sup>rd</sup> amendment was made on December 17, 2001.  
The 4<sup>th</sup> amendment was made on June 7, 2002.  
The 5<sup>th</sup> amendment was made on June 17, 2003.  
The 6<sup>th</sup> amendment was made on June 16, 2004.  
The 7<sup>th</sup> amendment was made on June 16, 2004.  
The 8<sup>th</sup> amendment was made on June 9, 2005.  
The 9<sup>th</sup> amendment was made on June 8, 2006.  
The 10<sup>th</sup> amendment was made on June 21, 2007.  
The 11<sup>th</sup> amendment was made on June 25, 2008.  
The 12<sup>th</sup> amendment was made on June 23, 2009.  
The 13<sup>th</sup> amendment was made on June 18, 2010.  
The 14<sup>th</sup> amendment was made on June 22, 2011.  
The 15<sup>th</sup> amendment was made on June 21, 2012.  
The 16<sup>th</sup> amendment was made on June 14, 2013.  
The 17<sup>th</sup> amendment was made on June 11, 2014.  
The 18<sup>th</sup> amendment was made on June 26, 2015.  
The 19<sup>th</sup> amendment was made on June 15, 2016.

## Appendix 9

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

Items	Original Version	Amendment Version	Reason
Article 5	<p>Procedures of Ratification and Decision for the Acquisition or Disposition of Assets</p> <p>.....</p> <p>2. Amount and Level of License In-charge department of the Company shall decide within its authority on the acquisition and disposition of assets in the following situations, provided, however, that matters governed by Article 185 of the Company Law shall be approved at the shareholders’ meeting in advance:</p> <p>.....</p> <p>(4)The acquisition or disposition of derivative products shall be authorized to relevant personnel in accordance with the “Rules and Procedures of Derivative Transactions”, and shall report to the meeting of Board of Directors at least quarterly.</p> <p>.....</p>	<p>Procedures of Ratification and Decision for the Acquisition or Disposition of Assets</p> <p>.....</p> <p>2. Amount and Level of License In-charge department of the Company shall decide within its authority on the acquisition and disposition of assets in the following situations, provided, however, that matters governed by Article 185 of the Company Law shall be approved at the shareholders’ meeting in advance:</p> <p>.....</p> <p>(4)The acquisition or disposition of derivative products shall be authorized to relevant personnel in accordance with the “Rules and Procedures of Derivative Transactions”, and shall report to the <u>soonest</u> meeting of Board of Directors <del>at least quarterly</del>.</p> <p>.....</p>	To comply with the Regulation update.
Article 6	<p>Procedures of Announcement and Filing</p> <p>1.The acquisition or disposition of the Company’s assets, provided below, shall be announced and filed to the FSC’s designated website in accordance to its nature and the stipulated form, within two days commencing immediately of its occurrence, with the relevant data and information:</p> <p>(1)Purchase and disposition of real estate from a related party, or purchase or disposition of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets certified by public accountant,</p>	<p>Procedures of Announcement and Filing</p> <p>1.The acquisition or disposition of the Company’s assets, provided below, shall be announced and filed to the FSC’s designated website in accordance to its nature and the stipulated form, within two days commencing immediately of its occurrence, with the relevant data and information:</p> <p>(1)Purchase and disposition of real estate from a related party, or purchase or disposition of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets certified by public accountant,</p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 6	<p>or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>.....</p> <p>(4) Except for asset transactions provided in the preceding <del>four</del> three items, or an investment in the mainland China area, where the transaction amount reaching 20% of the Company's paid-in capital or in exceeds NT\$300 million; however, not included otherwise provided below:</p> <p>(a) purchase and sale of government bonds,</p> <p>(b) purchase and sale of bonds with put or call conditions, or subscription or redemption of domestic money market funds,</p> <p>(c) equipment that are categorized as assets acquired or disposed for business use, the transaction counterparty is not a related party, and the transaction amount has not exceeded NT\$500 million,</p> <p>(d) real estate acquired by the Company by the ways of mandating others to build on its land, engaging others to build on rented land, joint cooperatively building with others to split the units, cooperatively building with others to acquire the proportion of profits, or cooperatively building with others to separately sell the units, the transaction amount has not exceeded NT\$500 million (the calculation basis is based on the anticipated amount invested by the</p>	<p>or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> <del>redemption</del> of <del>domestic</del> money market funds <u>issued by</u> <u>domestic securities investment trust enterprises</u>.</p> <p>.....</p> <p>(4) Equipment that are categorized as assets acquired or disposed for business use, the transaction counterparty is not a related party, and the transaction amount has <u>reached</u> <del>not exceeded</del> <u>NT\$1 billion</u> <del>500-million or more</del>.</p> <p>(5) Real estate acquired by the Company by the ways of mandating others to build on its land, engaging others to build on rented land, joint cooperatively building with others to split the units, cooperatively building with others to acquire the proportion of profits, or cooperatively building with others to separately sell the units, the transaction amount <u>which the anticipated amount invested by the Company has not exceeded</u> NT\$500 million <del>(the calculation basis is based on the anticipated amount invested by the Company)</del>.</p> <p>(6) Except for asset transactions provided in the preceding <u>five</u> <del>three</del> items, or an investment in the mainland China area, where the transaction amount reaching 20% of the Company's paid-in capital or in exceeds NT\$300 million; however, not included otherwise provided below:</p> <p>(a) purchase and sale of government bonds,</p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 6	<p>Company).</p> <p>.....</p> <p>5. Where any item required to be placed into a public announcement pursuant to these provisions is incorrect or not placed in the announcement and it is required to be supplemented, the whole announcement shall be remade and placed into a public announcement.</p> <p>.....</p>	<p>(b) purchase and sale of bonds with put or call conditions, or subscription or <del>repurchase-redemption</del> of domestic money market funds <u>issued by domestic securities investment trust enterprises.</u></p> <p><del>(c)equipment that are categorized as assets-acquired or disposed for business use, the transaction-counterparty is not a related-party, and the transaction-amount has not exceeded-NT\$500 million;</del></p> <p><del>(d) real estate acquired by the Company by the ways of mandating others to build on its land, engaging others to build on rented land, joint-cooperatively building with others to split the units, cooperatively building with others to acquire the proportion of profits, or cooperatively building with others to separately sell the units, the transaction amount has not exceeded NT\$500 million (the calculation basis is based on the anticipated amount invested by the Company).</del></p> <p>.....</p> <p>5. Where any item required to be placed into a public announcement pursuant to these provisions is incorrect or not placed in the announcement and it is required to be supplemented, the whole announcement shall be remade and placed into a public announcement <u>within two days counting inclusively from the date of knowing of such error or omission.</u></p> <p>.....</p>	To comply with the Regulation update.
Article 10	Appraisal Report from Professional Appraisal Institutions In acquiring or disposing of real	Appraisal Report from Professional Appraisal Institutions In acquiring or disposing of real	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 10	<p>estates or equipment by the Company, unless otherwise transacting with a government institution, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing the equipment for business use, and the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report issued by a professional appraisal institutions, and comply with the following provisions:</p> <p>.....</p>	<p>estates or equipment by the Company, unless otherwise transacting with a government <del>agency institution</del>, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing the equipment for business use, and the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report issued by a professional appraisal institutions, and comply with the following provisions:</p> <p>.....</p>	To comply with the Regulation update.
Article 11	<p>Certified Accountant's Opinions</p> <p>1.For a public company acquiring or disposing of marketable securities, where the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, an accountant shall, prior to the date of occurrence of the event, be retained for opinions on the reasonableness of the transaction price. If the accountant needs to use the report of an expert as evidence, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF). This requirement does not apply to the securities which are publicly quoted in an active market or otherwise provided by the regulations of FSC.</p> <p>According to FSC letter No. 09600014631 and the exception rule provided in the first paragraph of Article 10 the regulations Governing the Acquisition and Disposition of Assets by Public Company. Following times the</p>	<p>Certified Accountant's Opinions</p> <p>1.For a public company acquiring or disposing of marketable securities, where the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, an accountant shall, prior to the date of occurrence of the event, be retained for opinions on the reasonableness of the transaction price. If the accountant needs to use the report of an expert as evidence, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF). This requirement does not apply to the securities which are publicly quoted in an active market or otherwise provided by the regulations of FSC.</p> <p>According to FSC letter No. <u>1050044504</u><del>09600014631</del> and the exception rule provided in the first paragraph of Article 10 the regulations Governing the Acquisition and Disposition of Assets by Public Company.</p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 11	<p>Company is to proceed free from the aforementioned accountant checking procedure for acquiring or disposing securities.</p> <p>(1)Securities acquired by the initial cash offering.</p> <p>(2)Participation in subscription to an issue of securities issued at face value by an issuing company.</p> <p>(3)Participation in subscription to securities issued by a 100% owned subsidiary that is carrying out a cash capital increase.</p> <p>(4)Securities listed and traded on the Taiwan Stock Exchange or the Taipei Exchange or emerging stocks.</p> <p>(5)Government bonds, or bonds under repurchase or reverse purchase agreements.</p> <p>(6)Domestic or foreign funds.</p> <p>(7)TWSE or TPEx listed stocks acquired or disposed of in accordance with the TWSE or TPEx rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.</p> <p>(8)Securities acquired by seasoned equity offerings.</p> <p>(9)Purchase funds before their establishments according to Section 1, Article 11, Securities Investment trust and Consulting Act and FSC letter 0930005349 (issued Nov. 01, 2004).</p> <p>(10)Purchase or call domestic privately placed funds, the investing scope of which is the same as that of publicly placed funds. This requirement does not apply to the occasion that the investing strategy, except securities credit trading and open position of securities-related products is</p>	<p>Following times the Company is to proceed free from the aforementioned accountant checking procedure for acquiring or disposing securities.</p> <p>(1)Securities acquired <u>through cash contribution in an incorporation by promotion or by public</u> <del>the initial cash offering in</del> <u>accordance with the Company Act, with the further requirement that the rights represented by the acquired securities be commensurate with the proportion of capital contributed.</u></p> <p>(2)Participation in subscription to an issue of securities issued at face value by an issuing company.</p> <p>(3)Participation in subscription to securities issued by a 100% owned subsidiary that is carrying out a cash capital increase.</p> <p>(4)Securities listed and traded on the Taiwan Stock Exchange or the Taipei Exchange or emerging stocks.</p> <p>(5)Government bonds, or bonds under repurchase or reverse purchase agreements.</p> <p>(6)<u>Onshore or offshore publicly offered funds.</u> <del>Domestic or foreign funds.</del></p> <p>(7)TWSE or TPEx listed stocks acquired or disposed of in accordance with the TWSE or TPEx rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.</p> <p>(8)<u>Participation in subscription to shares issued by a public company for a cash capital increase or domestic subscription to corporate bonds (including financial debentures).</u></p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 11	<p>provided in the trust contract.</p> <p>2. In acquiring or disposing membership certificate or intangible assets by a public company, and the transaction amount reaching 20% of the Company's paid-in capital or in exceeding NT\$300 million, except in transactions with a government institution, an accountant shall, prior to the date of occurrence of the event, be retained to express opinions on the reasonableness of the transaction price, and the accountant shall handle the matter pursuant to Article 13 of the statements of Financial Accounting Standards No. 20 promulgated by Accounting Research and Development Foundation.</p> <p>.....</p>	<p><u>with the further requirement that the securities acquired are not privately placed securities.</u>  <del>Securities acquired by seasoned-equity offerings.</del></p> <p>(9) <u>Subscription to a domestic privately placed fund before the establishment of the fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, or subscription to or redemption of a domestic privately placed fund, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.-</u>  <del>Purchase funds before their establishments according to Section 1, Article 11, Securities Investment trust and Consulting Act and FSC letter 0930005349 (issued Nov. 01, 2004).</del></p> <p>(10) <del>Purchase or call domestic privately placed funds, the investing scope of which is the same as that of publicly placed funds. This requirement does not apply to the occasion that the investing strategy, except securities credit trading and open position of securities related products is provided in the trust contract.</del></p> <p>2. In acquiring or disposing membership certificate or intangible assets by a public company, and the transaction amount reaching 20% of the Company's paid-in capital or in exceeding NT\$300 million, except in transactions with a government <u>agency institution</u>, an accountant</p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 11		<p>shall, prior to the date of occurrence of the event, be retained to express opinions on the reasonableness of the transaction price, and the accountant shall handle the matter pursuant to Article 13 of the statements of Financial Accounting Standards No. 20 promulgated by Accounting Research and Development Foundation.</p> <p>.....</p>	To comply with the Regulation update.
Article 12	<p>Related Party Transactions</p> <p>.....</p> <p>The Company must submit the information provided below to the Board of Directors for approval, upon first obtaining a consent from the Audit Committee, before its execution of the purchase or disposition of real estate from related parties, or acquisition or disposition of assets other than real property from or to related parties where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds. The Company may not proceed to enter into a transaction contract or make a payment until receiving approval as discussed herein from the Board of Directors, including.</p> <p>.....</p>	<p>Related Party Transactions</p> <p>.....</p> <p>The Company must submit the information provided below to the Board of Directors for approval, upon first obtaining a consent from the Audit Committee, before its execution of the purchase or disposition of real estate from related parties, or acquisition or disposition of assets other than real property from or to related parties where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <del>repurchase-redemption</del> of <u>domestic securities investment trust enterprises</u> issued by domestic market funds. The Company may not proceed to enter into a transaction contract or make a payment until receiving approval as discussed herein from the Board of Directors, including.</p> <p>.....</p>	To comply with the Regulation update.
Article 20	<p>Mergers, Splits, Acquisitions and Shares Transference</p> <p>Prior to convening the Board of Directors for a resolution, the Company engaging in a merger, split, acquisition or share transference shall retain accountants, attorneys or</p>	<p>Mergers, Splits, Acquisitions and Shares Transference</p> <p>Prior to convening the Board of Directors for a resolution, the Company engaging in a merger, split, acquisition or share transference shall retain accountants, attorneys or</p>	To comply with the Regulation update.

Items	Original Version	Amendment Version	Reason
Article 20	securities underwriters for opinions on the reasonableness of the share conversion rates, acquisition price or the cash or other assets distributed to shareholders, and submit the opinions at the shareholders' meeting for discussion and approval.	securities underwriters for opinions on the reasonableness of the share conversion rates, acquisition price or the cash or other assets distributed to shareholders, and submit the opinions at the shareholders' meeting for discussion and approval. <u>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</u>	To comply with the Regulation update.
Article 29	..... The 8 <sup>th</sup> amendment was made on June 11, 2014.	..... The 8 <sup>th</sup> amendment was made on June 11, 2014. <u>The 9<sup>th</sup> amendment was made on June 14, 2017.</u>	Correspondence to the amendment date.

## Appendix 10

### **Wistron Corporation**

#### **Procedures of Asset Acquisition and Disposal**

##### Article 1 Purpose and Legal Basis

To conform to laws and decrees and enhance the management of the Company's "Procedures of Asset Acquisition and Disposal," these procedures are amended in accordance with Article 36-1 of the Securities and Exchange Act and Financial Supervisory Commission (referred to as "FSC").

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

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, warrants, investment funds, underlying asset bonds, etc.
2. Real estate (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Membership certificates.
4. Intangible assets, such as patent right, copyright, trademark right, franchise, etc.
5. Derivative products.
6. Assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws.
7. Other important assets.

##### Article 3 Definitions

1. "Derivative Products" means forward contracts, options, futures, leverage contracts, swaps, with worth derived from assets, interest rates, foreign exchange rates, indexes or other interests, and the hybrid contracts consisted by the above products, etc.
2. "Assets Acquired or Disposed by Mergers, Splits, Acquisition or Shares Transference Pursuant to Laws" means assets acquired or disposed by mergers, splits, acquisition or shares transference pursuant to Enterprise Merger and Acquisition Law, Financial Holding Companies Law, Financial Institutions Merger Law or other laws or share transference from other companies (hereinafter referred to as "share transference") by issuing new shares pursuant to the eight paragraph of Article 156 of Company Law.

3. The term “related party” and “subsidiary company” shall be defined as stated in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”
4. The term “the date of the occurrence of the event” as used in these procedures, in principle means the date of contract signing, the date of payment, the date of consignment trading, the date of transfer, the date of resolution of Board of Directors or other date which can confirm the trading counterparty and trading amount (whichever is earlier). If the Company is engaged in investments which must be approved by a competent authority, it shall mean the above-said date of receiving the approval letter from the competent authority, whichever is earlier.
5. The term “professional appraiser” means a real estate appraiser or other according to laws engaged in real estate, equipment valuation business.
6. The term “within one year” as used in these procedures, means dating back for one year from the date of acquiring or disposing this asset (the announced period is exempt from counting in again).
7. The term “the most recent financial statement” as used in these procedures, means the financial statement publicly audited or reviewed by an accountant in accordance with applicable laws before the Company acquires or disposes assets.

Article 4 Procedures of Evaluation and Operation for the Acquisition or Disposition of Assets

1. Acquisition or Disposition of Securities
  - (1) For securities acquired or disposed on a centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposition, targeted assets, and price reference, etc. to the in-charge department for the decision.
  - (2) For securities not acquired or disposed on a centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposition, targeted assets, trading counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.
2. For acquisition or disposition of real estates, equipment, membership certificates, intangible assets, and assets acquired or disposed by mergers, splits, acquisition or shares transference in accordance to laws, the operating department shall submit items such as the reasons for the proposed acquisition or disposition, targeted assets, trading counterparties, price of

transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.

3. For evaluation of derivative products, the financial manager shall hold periodic meetings with related persons to examine operational strategies and performances. In principle, trading positions and performances shall be reported to the chief fund manager every 2 weeks, and reported to the highest supervisor of financial department monthly and reported to the Chairman of BOD seasonally.
4. As to related operations for acquisition or disposition of assets, they are all processed in accordance with the Company's relevant regulations for the internal control system.

## Article 5 Procedures of Ratification and Decision for the Acquisition or Disposition of Assets

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

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

### 2. Amount and Level of License

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

- (1) Unless otherwise provided below, the acquisition or disposition of securities shall be approved by the Board of Directors before its execution:
  - (a) The chairman of the board is authorized by the Board of Directors to decide and execute a project that amount is not more than NT\$300 million, the executed project will be reported to the Board of Directors thereafter.
  - (b) For the acquisition or disposition of securities purchased and sold on the centralized exchange market or OTC exchange, the chairman of the board is authorized by the Board of Directors to decide and execute a project that amount is not more than NT\$300 million, the executed project will be reported to the Board of Directors thereafter. However, for related party transactions subject to the Article 12 of these procedures, the provisions of Article 12 shall prevail.
  - (c) Short-term idle funds invested in short-term securities such as domestic government bonds, domestic bond funds, financial bonds, American government bond and oversea bond fund with good credit rating, domestic money market funds, whereby the Director of Finance/the finance manager is authorized to execute for each single transaction or the daily total amount not exceeding NT\$1 billion; the approval of vice president of finance/CFO is required for amounts between NT\$ 1 and 2 billion; and the approval of the chairman of the board is required for amount exceeding NT\$ 2 billion.
- (2) The acquisition or disposition of real estate shall be approved by the Board of Directors before its execution, except that the chairman of the board is authorized by the Board of Directors to execute a project that is not more than NT\$300 million, and it will be reported to the Board of Directors thereafter. However, the acquisition or disposition of real property to a related party, is not in the scope of this authorization, but shall apply the provisions of Article 12 paragraph 2.
- (3) Acquisition or disposition of the Company and its subsidiary equipment used for operating purposes, to authorize the Chairman of the Board of Directors or its authorized personnel decisions NT\$300 million, and afterwards would then be sent the most recent of the Board for

ratification. Otherwise, the acquisition or disposition of equipment; for any projects the amount is more than NT\$300 million, must be approved by the Board of Directors, the chairman of the Board or his authorized officers decides for other projects before its executions.

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

### 3. Operating Department

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

## Article 6 Procedures of Announcement and Filing

1. The acquisition or disposition of the Company’s assets, provided below, shall be announced and filed to the FSC’s designated website in accordance to its nature and the stipulated form, within two days commencing immediately of its occurrence, with the relevant data and information:

(1) Purchase and disposition of real estate from a related party, or purchase or disposition of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets certified by public accountant, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.

(2) Proceeding mergers, splits, acquisition or shares transference,

(3) Engaging in derivative products transactions and the loss reaching the upper limit loss amount of the total or individual contract prescribed in procedures,

(4) Except for asset transactions provided in the preceding ~~four~~ three items, or an investment in the mainland China area, where the transaction amount reaching 20% of the Company’s paid-in capital or in exceeds NT\$300 million; however, not included otherwise provided below:

(a) purchase and sale of government bonds,

- (b) purchase and sale of bonds with put or call conditions, or subscription or redemption of domestic money market funds,
  - (c) equipment that are categorized as assets acquired or disposed for business use, the transaction counterparty is not a related party, and the transaction amount has not exceeded NT\$500 million,
  - (d) real estate acquired by the Company by the ways of mandating others to build on its land, engaging others to build on rented land, joint cooperatively building with others to split the units, cooperatively building with others to acquire the proportion of profits, or cooperatively building with others to separately sell the units, the transaction amount has not exceeded NT\$500 million (the calculation basis is based on the anticipated amount invested by the Company).
2. The transaction mounts in the preceding paragraph are calculated in accordance to the methods provided herein below:
    - (1) each single transaction amount,
    - (2) the transaction amount accumulated within one year with the same counterparty in the acquisition or disposition of the targeted assets with the same nature,
    - (3) the amount accumulated (the amounts for acquisition and disposition are separately accumulated) within one year of the acquisition or disposition of the same real estate in a development plan,
    - (4) the amount accumulated (the amounts for acquisition and disposition are separately accumulated) within one year in the acquisition or disposition of the same securities.
  3. One year period in sub-section is dating back from the date of the concerned transaction; the announced period is exempt from counting in again.
  4. The Company shall monthly enter into the transaction situations of the derivative products engaged by it and its subsidiaries not categorized as domestic public companies up to the end of the previous month in accordance to the stipulated form to the FSC's designated website for filing information before the 10th of each month.
  5. Where any item required to be placed into a public announcement pursuant to these provisions is incorrect or not placed in the announcement and it is required to be supplemented, the whole announcement shall be remade and placed into a public announcement.
  6. Unless otherwise provided by other laws, the Company's acquisition or disposition of assets shall keep in reserve the relevant contracts, meeting

minutes, registry, appraisal report, and the opinion books by accountants, attorneys or security underwriters for at least 5 years.

7. After announcing and filing the transaction in accordance with the provisions, provided that one of the following conditions exist, the Company shall announce and file the relevant data and information to the FSC's designated website within two days commencing immediately after its occurrence:
  - (1) Where the executed relevant contracts of the original transaction have been changed, terminated or ceased.
  - (2) Where mergers, splits, acquisition or share transfers have not been completed in accordance to the anticipated timeframe set in the contracts.
  - (3) Change to the originally publicly announced and reported information.

#### Article 7 Scope and Amount of Acquisition or Disposition of Assets

1. Apart from acquisition of assets for business use, the Company may invest or purchase real estate and securities for non-business use, the limitations on amounts are set forth as follows:
  - (1) Total investment in real estate for non-business use shall not exceed 40% of the equity attributable to owners of the Company and long-term liabilities of the Company as the most recent financial report certified or reviewed by the accountant.
  - (2) Total investment in securities shall not exceed 200% of the equity attributable to owners of the Company as the most recent financial report certified or reviewed by the accountant.
  - (3) Investment in a single security shall not exceed 40% of the equity attributable to owners of the Company as the most recent financial report certified or reviewed by the accountant.
2. As to the Company subsidiaries, the limitations on amounts of acquisition or disposition of assets shall not violate rules provided herein below:
  - (1) Real estate shall not be purchased for non-business use.
  - (2) Total investment in securities shall not exceed the equity attributable to owners of the Company as the most recent financial report certified or reviewed by the accountant.
  - (3) Investment in a single security shall not exceed 20% of the equity attributable to owners of the Company as the most recent financial report certified or reviewed by the accountant.

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

1. For the acquisition or disposition of assets by subsidiaries invested by the Company, the "Procedures for Acquiring or Disposing of Assets" shall be enacted in accordance to regulations, and after the approval of the Board of Directors of the subsidiaries, shall be submitted to each supervisor and reported to the shareholders' meeting for approval. After approval at the shareholders' meeting, it shall be filed to the Board of Director of the Company. The same procedures shall apply with any amendment.
2. For situations in which the acquisition or disposition of assets by subsidiaries not categorized as domestic public companies reaches the standards of announcement and filing set forth herein, it shall be announced and filed by the Company with copies to relevant authorities-in-charge in accordance to procedures set forth herein.
3. The Company's paid-in capital or total assets, certified by public accountants, shall be the standard for determining whether or not a subsidiary is subject to Article 6, paragraph 1, requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.
4. The Company shall supervise subsidiaries' compliance with the "Procedures of Assets Acquisition and Disposition", and monitor their implementation.

Article 9 Punishment for Violation of the Procedure

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

Article 10 Appraisal Report from Professional Appraisal Institutions

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

1. Due to special circumstances, where a limited price, specified price or special price is deemed as the reference basis of the transaction price, this transaction shall be reported and decided by the Board of Directors for

approval. If there is any change of the transaction conditions, the procedures herein above shall apply.

2. If the transaction amount is more than NT\$ 1 billion, two or more professional appraisal institutions must be retained for the appraisal.
3. An accountant's opinions on the differentiation and appropriateness of the transaction price is required if any one of the conditions below has occurred, and the accountant should do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF), unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount:
  - (1) the difference between the appraisal amount of the appraisal institutions and transaction amount is 20% of transaction amount or more;
  - (2) the difference between the appraisal amounts of two or more appraisal institutions reaches 10% of transaction amount or more.
4. The dates between the appraisal report issued by the professional appraisers and the contract executed shall be more than three months, however, if the announced present value of the same period is applicable and is not more than six months, the original appraisal institution may issue the opinion.

#### Article 11 Certified Accountant's Opinions

1. For a public company acquiring or disposing of marketable securities, where the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, an accountant shall, prior to the date of occurrence of the event, be retained for opinions on the reasonableness of the transaction price. If the accountant needs to use the report of an expert as evidence, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF). This requirement does not apply to the securities which are publicly quoted in an active market or otherwise provided by the regulations of FSC.

According to FSC letter No. 09600014631 and the exception rule provided in the first paragraph of Article 10 the regulations Governing the Acquisition and Disposition of Assets by Public Company. Following times the Company is to proceed free from the aforementioned accountant checking procedure for acquiring or disposing securities.

- (1) Securities acquired by the initial cash offering.

- (2) Participation in subscription to an issue of securities issued at face value by an issuing company.
  - (3) Participation in subscription to securities issued by a 100% owned subsidiary that is carrying out a cash capital increase.
  - (4) Securities listed and traded on the Taiwan Stock Exchange or the Taipei Exchange or emerging stocks.
  - (5) Government bonds, or bonds under repurchase or reverse purchase agreements.
  - (6) Domestic or foreign funds.
  - (7) TWSE or TPEX listed stocks acquired or disposed of in accordance with the TWSE or TPEX rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
  - (8) Securities acquired by seasoned equity offerings.
  - (9) Purchase funds before their establishments according to Section 1, Article 11, Securities Investment trust and Consulting Act and FSC letter 0930005349 (issued Nov. 01, 2004).
  - (10) Purchase or call domestic privately placed funds, the investing scope of which is the same as that of publicly placed funds. This requirement does not apply to the occasion that the investing strategy, except securities credit trading and open position of securities-related products is provided in the trust contract.
2. In acquiring or disposing membership certificate or intangible assets by a public company, and the transaction amount reaching 20% of the Company's paid-in capital or in exceeding NT\$300 million, except in transactions with a government institution, an accountant shall, prior to the date of occurrence of the event, be retained to express opinions on the reasonableness of the transaction price, and the accountant shall handle the matter pursuant to Article 13 of the statements of Financial Accounting Standards No. 20 promulgated by Accounting Research and Development Foundation.
  3. If the public company acquired or disposed assets through court auction procedures, they may replace the appraisal report or accountant opinions with the certified documents issued by the court.

Article 11-1 The calculation of the transaction amounts referred to in the preceding two articles shall be done in accordance with Article 6, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report

from a professional appraiser or an accountant's opinion has been obtained need not be counted toward the transaction amount.

#### Article 12 Related Party Transactions

When the Company engages in any acquisition or disposition of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant's opinion in compliance with the provisions of the Procedures. The Company must submit the information provided below to the Board of Directors for approval, upon first obtaining a consent from the Audit Committee, before its execution of the purchase or disposition of real estate from related parties, or acquisition or disposition of assets other than real property from or to related parties where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds. The Company may not proceed to enter into a transaction contract or make a payment until receiving approval as discussed herein from the Board of Directors, including.

1. The reasons, necessity and the anticipated benefit of assets purchase or disposed of;
2. The reasons for selecting the related persons as the transaction party;
3. With respect to the acquisition of real property from a related party, relevant information for evaluating the reasonableness of the anticipated transaction conditions pursuant to provisions of Articles 13 and 14;
4. Items such as the date and price originally acquired by the related party, transaction counterparty and its relations between the Company and the related party;
5. The forecasting chart for cash received in each month for one year in the future from the anticipated month of contract execution, with an evaluation of the necessity of the transaction and the reasonableness of the fund usage;
6. An appraisal report from a professional appraiser or an accountant's opinion obtained in compliance with this Article.
7. Conditions and other important agreed items of the transaction.

The calculation of the transaction amounts referred to in this Article shall be made in accordance with Article 6, paragraph 2 herein, and "within the

preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.

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

Article 13 The Company’s purchases of real estate from a related party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:

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

- (3) Acquiring real estate by a joint construction contract executed with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

Article 14 Where the evaluations reached by the Company pursuant to the first to third paragraphs in preceding Article are consonantly lower than the transaction price, the provisions of Article 15 apply; however, if any of the circumstances below exists, accompanied by objective evidence provided by a professional real property appraiser's reasonableness opinion obtained and an accountant's specific opinion rendered, the restriction shall not apply:

1. Where the related party purchased a piece of undeveloped land or leased land for construction, and the evidence provided meets one of the following conditions:
  - (1) The total value of the undeveloped land, evaluated based on the methods referred to in the preceding paragraph, and the building, calculated based on the related party's construction cost plus reasonable construction profit, is more than the actual transaction price. The stated "reasonable construction profit" shall be the average operating gross profit ratio of the construction department of the related party within the last three years or the most recent gross profit ratio of the construction industry published by the Ministry of Finance, whichever is lower.
  - (2) The transaction of the other floors/levels on the same property of nearby region consummated within one year by non-related parties, the area being similar and the transaction conditions being reasonable after reasonable appraisal of the price difference of floor/level or region in accordance with real estate sale transaction practice.
  - (3) In the case of lease of non-related party of the other floors/levels of the object within one year, the transaction conditions being reasonable after reasonable appraisal of the price difference of floors/level or region in accordance with real estate lease transaction practice.
2. The Company provides evidence to prove that the transaction conditions for purchase of the real estate from the related party correspond with those of other transactions of non-related parties in the neighborhood and within one year, with a similar size.

The transaction in the neighborhood in the preceding paragraph shall mean the transaction of the real estate on the same or nearby street with a distance of less than 500 meters from the estate in question. The term "similar size" means that in the case of transaction of non-related party, the size is not less

than 50% of the estate in question. The “within one year” means dating back for one year from the date of acquiring this real estate.

Article 15 When the Company acquires real estate from the related party and the evaluations reached pursuant to the Articles 13 and 14 are consonantly lower than the transaction price, below items shall be followed:

1. Allocate the difference between the real estate transaction price and the evaluated cost as special reserve.
2. The independent director members of the Audit Committee handle the matter pursuant to Article 218 of the Company Act.
3. Report the handling condition of the first and second items to the shareholders’ meeting and disclose the detailed transaction content in the annual report and the prospectus.

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

Article 16 Transaction of Derivative Products

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

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

Article 17 Where the Company engages in the transaction of derivative products, it shall perform the following risk management measures:

1. The scope of risk management shall include the risk management of credit, market price, liquidity, cash flows, operation and law.

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

Article 18 Principles of Supervision and Management of the Board of Directors

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

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

1. Periodically evaluate whether the risk management measures currently being used are suitable and whether they conform with this Procedures and the “Rules and Procedures of Derivative Transactions” formulated by the Company.
2. Supervise the transactions and loss-and-profit status, if there are any abnormal situations, the high-level manager shall report to the Board of Directors and an independent director shall present on behalf of the Board of Directors and express opinions.

Article 19 The Company shall prepare a registry with the type, amount, date passed by the Board of Directors for the engagement of the transaction of derivative products and the items shall be carefully evaluated in accordance to the item 4 of the Articles 17, the item 2 of paragraph 1 and the item 1 of paragraph 2 of Article 18, and publish in detail in registry.

The Company’s internal auditors shall check the suitability of internal control of derivative transactions periodically and inspect monthly the compliance of the trading departments with “Rules and Procedures of Derivative Transactions”

in order to make the auditing report. If there are any severe breach matters, these shall be notified to Audit Committee in writing.

Article 20 Mergers, Splits, Acquisitions and Shares Transference

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

Article 21 Prior to convening the shareholders' meeting, the Company participating in a merger, split or acquisition shall prepare a public document addressed to the shareholders stating the significant stipulations of the merger, split or acquisition plan and related matters, and deliver it to the shareholders along with the expert opinions of the preceding Article and the notice of the shareholders' meeting to provide the shareholders with a basis of reference for deciding whether to agree to the merger, split or acquisition plan; however, not including conditions exempt from convening the shareholders' meeting for a resolution of matters of mergers, splits or acquisitions pursuant to other laws.

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

Article 22 Except as provided by laws or under special circumstances where advance permission has been obtained from the FSC, the Company shall convene the board meetings and shareholders' meetings and pass resolutions regarding the merger, split or acquisition and relevant matters on the same day along with other participating companies in the merger, split, acquisition or share transference.

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

1. Basic identification data for personnel, including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign

nationals) of all persons involved in the planning or implementation of any merger, split, acquisition, or transfer of another company's shares prior to disclosure of the information.

2. Dates of material events, including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes, including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

The Company shall, within two days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Article 23 All persons participating in or knowing of the Company's merger, split, acquisition or share transference plan shall submit a written undertaking of nondisclosure. Prior to public disclosure of the merger, split, acquisition or share transference information, such persons may not externally divulge any content of the merger, split, acquisition or share transference plan, nor may they purchase or sell in their own capacity or in the name of another person any shares, or any other equity securities of any Company connected with the merger, split, acquisition or share transference plan.

Article 24 In the Company's participating in a merger, split, acquisition or share transference, the share conversion rates or the acquisition price may not be arbitrarily changed except under the conditions provided below, and the conditions for change shall be provided in the merger, split, acquisition or share transference contract:

1. Cash capital increase, issuance of convertible corporate bonds, distribution of stock dividends, and issuance of corporate bonds with warrants, preferred shares with warrants, subscription warrants, and other equity securities.
2. Acts affecting Company finances or operations, such as disposition of major assets.
3. Occurrence of major disasters, major technological transformations, or other events affecting Company shareholder equity or Company securities prices.
4. Adjustment of treasury shares duly redeemed by any Company participating in the merger, split, acquisition or share transference.

5. Increase, decrease, or change in the entities, or number thereof, participating in the merger, split, acquisition or share transference.
6. Other conditions for change have been provided in the contract and publicly disclosed.

Article 25 In the Company's participating in a merger, split, acquisition or share transference, the contract shall specify the rights and obligations of the companies participating in the merger, split, acquisition or share transference and shall also specify the following particulars:

1. Handling of breach of agreement.
2. Principles for handling of equity securities already issued by, or treasury stock already redeemed by, the Company (Companies) extinguished in the merger of the split Company.
3. The quantity of treasury stock that a participating Company may redeem after the record date of calculation of the share conversion ratio, and relevant handling principles.
4. The handling methods of which there is an increase, decrease, or change in the entities, or number thereof, participating.
5. The scheduled timetable for execution of the plan, and scheduled timeframe for completion.
6. The relevant procedures for handling failure to complete within such timeframe, such as the anticipated date for convening of the shareholders' meeting(s) pursuant to laws.

Article 26 Following public disclosure of information about the Company's participating in merger, split, acquisition or share transference, if the Company has an intention to undergo a further merger, split, acquisition or share transference with another Company, any procedures or legal actions already carried out by the Company under the original merger, split, acquisition or share transference plan shall be carried out anew except under the conditions that the number of the participating companies decreases and the companies' shareholders' meeting has made a resolution and authorized the Board of Directors the right for modification, the Company is exempt from convening the shareholders' meeting for another resolution.

Article 27 If the companies participating in the merger, split, acquisition or share transference are categorized as non-public companies, the Company shall enter

into an agreement with them in accordance to provisions provided by the Articles 22, 23 and 26.

#### Article 28 Other Items

1. Matters not provided herein shall be governed by the relevant laws and regulations and the relevant regulations of the Company. If the Procedures of Acquisition or Disposition of Assets in the original order are amended by the competent authority, the Company shall apply the provisions in the new order.
2. When the Procedures are submitted to the Board of Directors for discussion, the board shall fully take each independent director's opinions into consideration and record each director's opinions and reasons for the pros and cons in the minutes.
3. The Procedures shall be approved by the Audit Committee pursuant to related regulations, and submitted to the Board of Directors for resolution and later be effective after approved by the shareholders meeting. If a director holds dissenting opinions and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to Audit Committee.
4. The Company's matters shall be approved by the Board of Directors pursuant to the Procedures or other laws. If a director holds a dissenting opinion of the Company's matters and there were records for them or they were stated in writing, the Company shall submit evidence of the director's dissenting opinions to Audit Committee.
5. When the Company reports the transaction for the acquisition or disposition of assets pursuant to the preceding paragraph to the Board of Directors for discussion, the board shall fully take each independent director's opinions into consideration and record each director's opinions and reasons for the pros and cons in the minutes.
6. If the Company plans to engage in assets or the transaction of derivative products, the plan shall be approved by more than half the members of all the Audit Committee and submitted to Board of Directors for resolution.
7. If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with two-thirds of all directors and the resolution of Audit Committee shall be recorded in the Board of Directors meeting minutes.

8. The Audit Committee members in paragraph 6 and the Board of Directors members in preceding paragraph will only calculate the members in present person.

Article 29 The Procedures were enacted on May 7, 2002.  
The 1<sup>st</sup> amendment was made on June 17, 2003.  
The 2<sup>nd</sup> amendment was made on June 21, 2007.  
The 3<sup>rd</sup> amendment was made on June 25, 2008.  
The 4<sup>th</sup> amendment was made on June 23, 2009.  
The 5<sup>th</sup> amendment was made on June 18, 2010.  
The 6<sup>th</sup> amendment was made on June 21, 2012.  
The 7<sup>th</sup> amendment was made on June 14, 2013.  
The 8<sup>th</sup> amendment was made on June 11, 2014.

## Appendix 11

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

Year			2017 (Forecast)
Item			
Beginning Paid-in Capital			NT\$26,503,164,390
Dividend Distribution	Cash dividend per share <sup>(1)</sup>		NT\$1.20
	Stock dividend per share for capital increase from retained earnings <sup>(1)</sup>		0.03 share
	Stock dividend per share for capital increase from capital reserve <sup>(1)</sup>		0 share
Business Performance Variation	Operating profit		N/A <sup>(2)</sup>
	Year-on-year increase / decrease (%) of operating profit		
	Net profit after tax		
	Year-on-year increase / decrease (%) of net profit after tax		
	Earnings per share		
	Year-on-year increase / decrease of earnings per share		
Pro forma earnings per share and its P/E ratio	If cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share	N/A <sup>(2)</sup>
		Pro forma average return over investment (annualized)	
	If no capital increase from capital reserve	Pro forma earnings per share	
		Pro forma average return over investment (annualized)	
	If no capital reserve and cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share	
		Pro forma average return over investment (annualized)	

Note 1: Pending resolution by 2017 Annual General Shareholders' Meeting.

Note 2: Wistron is not required to disclose its 2017 financial forecast pursuant to "Regulations Governing the Publication of Financial Forecasts of Public Companies."

## Appendix 10

### Wistron Corporation Shareholdings of Directors

(As of April 16, 2017)

<u>Title</u>	<u>Name</u>	<u>Number of Shares</u>
Chairman	Simon Lin (Hsien-Ming Lin)	34,578,203
Director	Stan Shih (Chen-Jung Shih)	2,723,401
Director	Haydn Hsieh (Hong-Po Hsieh)	1,059,502
Director	Robert Huang (Po-Tuan Huang)	5,248,261
Independent Director	John Hsuan (Min-Chih Hsuan)	0
Independent Director	Michael Tsai (Kuo-Chih Tsai)	0
Independent Director	James K. F. Wu (Kuo-Feng Wu)	0
Independent Director	Duh- Kung Tsai	0
Independent Director	Victor C.J. Cheng (Chung-Jen Cheng)	83,770
<b>Total</b>		<b><u>43,693,137</u></b>

The common shares of Wistron are 2,650,316,439 shares. Pursuant to Article 2 of the “Examination and Implementation Rules for Shareholding Percentage of Directors and Supervisors of Public Offering Companies,” elected independent directors of the Company (5 seats) are more than half of all directors (9 seats), and in accordance with the law regarding establishment of an audit committee, the shareholding of the supervisors does not need to follow the minimum holding requirement.



**wistron**