

WISTRON CORPORATION AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Review Report
for the Six Months Ended
June 30, 2019 and 2018**

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

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安侯建業聯合會計師事務所

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Independent Auditors' Review Report

To the Board of Directors of Wistron Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Wistron Corporation (the Company) and its subsidiaries (the "Group") as of June 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2019 and 2018, as well as the changes in equity and cash flows for the six months ended June 30, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Ya-Ling, Chen and Chia-Chien, Tang.

KPMG

Taipei, Taiwan (Republic of China)
August 12, 2019.

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2019 and 2018

WISTRON CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2019, December 31 and June 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2019		December 31, 2018		June 30, 2018		Liabilities and Equity		June 30, 2019		December 31, 2018		June 30, 2018	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 49,489,068	15	43,529,023	13	36,458,841	12	2100	Short-term loans (notes 6(m)(aa) and 8)	\$ 63,991,093	20	61,012,704	18	67,062,886	22
1110	Current financial assets at fair value through profit or loss (note 6(b))	225,299	-	67,755	-	1,132,775	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	133,303	-	74,336	-	29,885	-
1170	Notes and accounts receivable, net (notes 6(d)(u))	107,848,071	33	118,293,955	35	98,458,926	33	2130	Current contract liabilities (note 6(u))	1,962,170	1	1,601,713	-	1,836,763	1
1180	Accounts receivable - related parties (notes 6(d)(u) and 7)	440,440	-	58,988	-	63,129	-	2170	Notes and accounts payable	115,927,064	35	138,389,226	41	105,062,171	35
1210	Other receivables - related parties (notes 6(e) and 7)	3,035	-	2,845	-	2,899	-	2180	Accounts payable - related parties (note 7)	1,076,810	-	1,078,008	-	861,338	-
1220	Current tax assets	1,216,656	-	1,111,267	-	1,157,275	-	2220	Other payables - related parties (note 7)	38,594	-	36,290	-	4,345	-
130X	Inventories (note 6(f))	80,197,647	25	89,614,023	26	87,866,278	29	2280	Current lease liabilities (notes 6(n)(aa) and 7)	617,531	-	-	-	-	-
1470	Other current assets (notes 6(d)(e)(l))	22,678,972	7	22,749,288	7	18,032,745	6	2322	Current portion of long-term loans (notes 6(m)(aa) and 8)	-	-	-	-	3,821,784	1
	Total current assets	262,099,188	80	275,427,144	81	243,172,868	80	2365	Current refund liability (note 6(u))	5,912,874	2	4,917,958	1	3,705,161	1
	Non-current assets:							2399	Other current liabilities	38,158,128	12	32,768,654	10	29,570,626	10
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	430,849	-	438,871	-	508,783	-		Total current liabilities	227,817,567	70	239,878,889	70	211,954,959	70
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	3,816,097	1	3,219,465	1	3,496,158	1	2540	Non-current liabilities:						
1550	Equity - accounted investees (note 6(g))	6,404,685	2	6,514,305	2	5,797,516	2	2570	Long-term loans (notes 6(m)(aa) and 8)	14,883,079	4	20,234,382	6	16,410,100	5
1600	Property, plant and equipment (notes 6(i) and 7)	42,108,324	13	42,868,387	13	38,171,018	13	2580	Deferred tax liabilities	3,199,023	1	3,209,855	1	3,496,589	1
1755	Right-of-use assets (notes 6(j) and 7)	4,220,871	1	-	-	-	-	2600	Non-current lease liabilities (notes 6(n)(aa) and 7)	1,035,507	-	-	-	-	-
1780	Intangible assets (note 6(k))	1,043,813	-	1,077,197	-	1,002,031	-		Other non-current liabilities	2,034,501	1	2,247,867	1	2,023,531	1
1840	Deferred tax assets	5,880,528	2	5,776,897	2	5,059,730	2		Total non-current liabilities	21,152,110	6	25,692,104	8	21,930,220	7
1900	Other non-current assets (notes 6(l) and 8)	1,389,932	1	3,780,309	1	5,954,906	2		Total liabilities	248,969,677	76	265,570,993	78	233,885,179	77
	Total non-current assets	65,295,099	20	63,675,431	19	59,990,142	20	3110	Equity attributable to owners of parent (notes 6(c)(r)):						
								3150	Capital stock	28,421,220	9	28,421,220	8	27,788,282	9
									Stock dividend to be distributed	-	-	-	-	802,050	-
									Total stock	28,421,220	9	28,421,220	8	28,590,332	9
								3200	Capital surplus	24,495,467	7	22,863,619	7	22,509,624	8
								3300	Retained earnings	20,165,074	6	22,321,828	7	19,373,623	6
								3400	Other equity interest	(2,852,078)	(1)	(4,128,234)	(1)	(3,552,175)	(1)
								3500	Treasury shares	(217,801)	-	(533,236)	-	(1,016,252)	-
									Total equity attributable to owners of parent	70,011,882	21	68,945,197	21	65,905,152	22
								36XX	Non-controlling interests (notes 6(h)(r))	8,412,728	3	4,586,385	1	3,372,679	1
									Total equity	78,424,610	24	73,531,582	22	69,277,831	23
	Total assets	\$ 327,394,287	100	339,102,575	100	303,163,010	100		Total liabilities and equity	\$ 327,394,287	100	339,102,575	100	303,163,010	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards

WISTRON CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended June 30				For the six months ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Net revenues (notes 6(u) and 7)	\$ 205,549,138	100	189,347,758	100	411,753,673	100	406,400,683	100
5000 Cost of sales (notes 6(f)(i)(j)(n)(o)(p)(w), 7 and 12)	195,320,944	95	180,469,424	95	393,127,698	96	389,473,051	96
5900 Gross profit	10,228,194	5	8,878,334	5	18,625,975	4	16,927,632	4
Operating expenses (notes 6(d)(i)(j)(k)(n)(o)(p)(w), 7 and 12):								
6100 Selling	2,158,524	1	2,276,267	1	4,319,501	1	4,472,068	1
6200 Administrative	902,365	-	920,982	1	1,615,479	-	1,582,272	-
6300 Research and development	4,020,423	2	3,561,296	2	7,717,992	2	6,897,735	2
Total operating expenses	7,081,312	3	6,758,545	4	13,652,972	3	12,952,075	3
Operating income	3,146,882	2	2,119,789	1	4,973,003	1	3,975,557	1
Non-operating income and expenses (notes 6(g)(n)(o)(v)(x) and 7):								
7010 Other income	529,974	-	281,496	-	1,159,025	-	593,248	-
7020 Other gains and losses	248,971	-	493,357	-	1,050,168	-	1,072,202	-
7050 Finance costs	(1,285,717)	(1)	(1,091,189)	-	(2,579,291)	-	(2,062,014)	-
7060 Recognized share of associates and joint ventures accounted for equity method	81,881	-	52,836	-	129,306	-	95,387	-
Total non-operating income and expenses	(424,891)	(1)	(263,500)	-	(240,792)	-	(301,177)	-
7900 Profit before tax	2,721,991	1	1,856,289	1	4,732,211	1	3,674,380	1
7950 Less: Income tax expenses (note 6(q))	675,060	-	476,902	-	1,181,400	-	932,045	-
8200 Net profit	2,046,931	1	1,379,387	1	3,550,811	1	2,742,335	1
8300 Other comprehensive income (notes 6(g)(q)(r)(x))								
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss:								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	188,001	-	(3,274)	-	360,790	-	(149,013)	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	71	-	-	-	(2,339)	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	36,403	-	61,238	-	39,248	-	43,186	-
	151,598	-	(64,441)	-	321,542	-	(194,538)	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss:								
8361 Exchange differences on translation of foreign financial statements	452,235	-	2,602,862	1	823,042	-	1,426,127	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(39,420)	-	(4,906)	-	43,430	-	29,479	-
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	412,815	-	2,597,956	1	866,472	-	1,455,606	-
	564,413	-	2,533,515	1	1,188,014	-	1,261,068	-
Total other comprehensive income, net of tax	2,611,344	1	3,912,902	2	4,738,825	1	4,003,403	1
8500 Net profit attributable to (notes 6(h)(t)):								
8610 Owners of parent	\$ 1,252,168	1	640,613	-	2,241,951	1	1,553,383	1
8620 Non-controlling interests	794,763	-	738,774	1	1,308,860	-	1,188,952	-
	2,046,931	1	1,379,387	1	3,550,811	1	2,742,335	1
Comprehensive income attributable to (note 6(h)):								
8710 Owners of parent	\$ 1,794,372	1	3,110,773	2	3,400,388	1	2,754,022	1
8720 Non-controlling interests	816,972	-	802,129	-	1,338,437	-	1,249,381	-
	2,611,344	1	3,912,902	2	4,738,825	1	4,003,403	1
Earnings per share (in dollars)(note 6(t))								
9750 Basic earnings per share	\$ 0.44		0.23		0.80		0.56	
9850 Diluted earnings per share	\$ 0.44		0.23		0.79		0.55	

See accompanying notes to financial statements.

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

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent														
	Capital stock		Retained earnings					Other equity							
	Common stock	Stock dividends to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2018	\$ 27,486,880	-	22,076,225	7,591,125	-	13,735,404	21,326,529	(2,740,965)	-	(1,269,290)	(4,010,255)	(1,753,005)	65,126,374	1,294,688	66,421,062
Effects of retrospective application	-	-	-	-	-	641,117	641,117	-	(2,069,890)	1,269,290	(800,600)	-	(159,483)	-	(159,483)
Balance at January 1, 2018 after adjustments	<u>27,486,880</u>	<u>-</u>	<u>22,076,225</u>	<u>7,591,125</u>	<u>-</u>	<u>14,376,521</u>	<u>21,967,646</u>	<u>(2,740,965)</u>	<u>(2,069,890)</u>	<u>-</u>	<u>(4,810,855)</u>	<u>(1,753,005)</u>	<u>64,966,891</u>	<u>1,294,688</u>	<u>66,261,579</u>
Net profit	-	-	-	-	-	1,553,383	1,553,383	-	-	-	-	-	1,553,383	1,188,952	2,742,335
Other comprehensive income	-	-	-	-	-	(2,339)	(2,339)	1,394,713	(191,735)	-	1,202,978	-	1,200,639	60,429	1,261,068
Total comprehensive income	-	-	-	-	-	1,551,044	1,551,044	1,394,713	(191,735)	-	1,202,978	-	2,754,022	1,249,381	4,003,403
Appropriation and distribution of retained earnings:															
Legal reserve	-	-	-	388,552	-	(388,552)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	4,010,255	(4,010,255)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,208,199)	(3,208,199)	-	-	-	-	-	(3,208,199)	-	(3,208,199)
Stock dividends	-	802,050	-	-	-	(802,050)	(802,050)	-	-	-	-	-	-	-	-
New shares issued through employees' compensation	301,402	-	409,906	-	-	-	-	-	-	-	-	-	711,308	-	711,308
Changes in equity of associates and joint ventures accounted for using equity method	-	-	21,822	-	-	188	188	-	-	-	-	-	22,010	-	22,010
Treasury shares transferred to employees	-	-	(2,804)	-	-	(72,050)	(72,050)	-	-	-	-	736,753	661,899	-	661,899
Changes in ownership interests in subsidiaries	-	-	4,475	-	-	(7,254)	(7,254)	-	-	-	-	-	(2,779)	-	(2,779)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(55,702)	(55,702)	-	55,702	-	55,702	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	828,610	828,610
Balance at June 30, 2018	<u>\$ 27,788,282</u>	<u>802,050</u>	<u>22,509,624</u>	<u>7,979,677</u>	<u>4,010,255</u>	<u>7,383,691</u>	<u>19,373,623</u>	<u>(1,346,252)</u>	<u>(2,205,923)</u>	<u>-</u>	<u>(3,552,175)</u>	<u>(1,016,252)</u>	<u>65,905,152</u>	<u>3,372,679</u>	<u>69,277,831</u>
Balance at January 1, 2019	\$ 28,421,220	-	22,863,619	7,979,677	4,010,255	10,331,896	22,321,828	(1,292,592)	(2,835,642)	-	(4,128,234)	(533,236)	68,945,197	4,586,385	73,531,582
Effects of retrospective application	-	-	-	-	-	(54,346)	(54,346)	-	-	-	-	-	(54,346)	(938)	(55,284)
Balance at January 1, 2019 after adjustments	<u>28,421,220</u>	<u>-</u>	<u>22,863,619</u>	<u>7,979,677</u>	<u>4,010,255</u>	<u>10,277,550</u>	<u>22,267,482</u>	<u>(1,292,592)</u>	<u>(2,835,642)</u>	<u>-</u>	<u>(4,128,234)</u>	<u>(533,236)</u>	<u>68,890,851</u>	<u>4,585,447</u>	<u>73,476,298</u>
Net profit	-	-	-	-	-	2,241,951	2,241,951	-	-	-	-	-	2,241,951	1,308,860	3,550,811
Other comprehensive income	-	-	-	-	-	-	-	813,676	344,761	-	1,158,437	-	1,158,437	29,577	1,188,014
Total comprehensive income	-	-	-	-	-	2,241,951	2,241,951	813,676	344,761	-	1,158,437	-	3,400,388	1,338,437	4,738,825
Appropriation and distribution of retained earnings:															
Legal reserve	-	-	-	490,847	-	(490,847)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	117,979	(117,979)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(4,226,640)	(4,226,640)	-	-	-	-	-	(4,226,640)	-	(4,226,640)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	(97,402)	-	-	-	-	-	-	-	-	-	(97,402)	-	(97,402)
Treasury shares transferred to employees	-	-	(32,696)	-	-	-	-	-	-	-	-	315,435	282,739	-	282,739
Changes in ownership interests in subsidiaries	-	-	1,645,363	-	-	-	-	-	-	-	-	-	1,645,363	-	1,645,363
Share-based payment transactions	-	-	116,583	-	-	-	-	-	-	-	-	-	116,583	-	116,583
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(117,719)	(117,719)	-	117,719	-	117,719	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	2,488,844	2,488,844
Balance at June 30, 2019	<u>\$ 28,421,220</u>	<u>-</u>	<u>24,495,467</u>	<u>8,470,524</u>	<u>4,128,234</u>	<u>7,566,316</u>	<u>20,165,074</u>	<u>(478,916)</u>	<u>(2,373,162)</u>	<u>-</u>	<u>(2,852,078)</u>	<u>(217,801)</u>	<u>70,011,882</u>	<u>8,412,728</u>	<u>78,424,610</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards

WISTRON CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2019	2018
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 4,732,211	3,674,380
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	4,897,776	3,662,503
Amortization expense	147,300	129,851
Expected credit loss	19,134	1,408
Net profit (loss) on financial assets or liabilities at fair value through profit or loss	51,187	(763,116)
Interest expense	2,579,291	2,062,014
Interest income	(1,056,826)	(517,529)
Dividend income	(61,147)	(14,638)
Compensation cost arising from share-based payments	281,579	91,617
Recognized share of associates and joint ventures accounted for equity method	(129,306)	(95,387)
Loss on disposal of property, plant and equipment	37,482	4,739
Property, plant and equipment reclassified as expenses	2,946	18,839
Other non-current assets reclassified as expenses	17,395	28,348
Gain on disposal of investments	(185,598)	(99,367)
Other investment loss (income)	13,596	(95,753)
Total adjustments to reconcile profit	<u>6,614,809</u>	<u>4,413,529</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable	10,961,441	(3,208,222)
Increase in accounts receivable - related parties	(811,212)	(9,761)
Decrease (increase) in other receivable - related parties	(388)	6,177
Decrease in inventories	10,340,714	5,850,826
Increase in other current assets	(245,902)	(1,883,287)
Total changes in operating assets	<u>20,244,653</u>	<u>755,733</u>
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	360,457	(103,823)
Decrease in notes and accounts payable	(23,382,705)	(28,413,588)
Decrease in accounts payable - related parties	(26,058)	(114,175)
Increase (decrease) in other payable - related parties	4,348	(7,732)
Increase (decrease) in current refund liability	994,916	(192,477)
Increase in other current liabilities	1,859,205	1,980,550
Decrease in other non-current liabilities	(178,119)	(17,215)
Total changes in operating liabilities	<u>(20,367,956)</u>	<u>(26,868,460)</u>
Net changes in operating assets and liabilities	<u>(123,303)</u>	<u>(26,112,727)</u>
Total adjustments	<u>6,491,506</u>	<u>(21,699,198)</u>
Cash generated from (used in) operations	11,223,717	(18,024,818)
Interest received	1,082,728	613,406
Dividends received	111,647	55,475
Interest paid	(2,777,637)	(2,122,931)
Income taxes paid	(2,427,976)	(708,123)
Net cash generated from (used in) operating activities	<u>7,212,479</u>	<u>(20,186,991)</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(249,661)	(306,678)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6,272	8,155
Return of financial assets at fair value through other comprehensive income	7,841	29,270
Acquisition of financial assets at fair value through profit or loss	(20,309,513)	(9,814,801)
Proceeds from disposal of financial assets at fair value through profit or loss	20,175,085	9,877,957
Addition to equity - accounted investees	(223,907)	(7,214)
Proceeds from disposal of equity - accounted investees	248,112	326,887
Acquisition of property, plant and equipment	(2,567,335)	(3,950,626)
Proceeds from disposal of property, plant and equipment	65,026	25,771
Decrease (increase) in refundable deposits	475	(42,027)
Increase in intangible assets	(112,783)	(72,724)
Increase in other non-current assets	(719,143)	(3,074,483)
Net cash flows used in investing activities	<u>(3,679,531)</u>	<u>(7,000,513)</u>
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	321,025,346	272,837,038
Repayments of short-term loans	(318,772,425)	(289,680,107)
Increase in long-term loans	1,394,436	14,393,252
Repayments of long-term loans	(6,964,222)	(3,519,680)
Increase (decrease) in guarantee deposits received	(39,630)	176,903
Repayments of lease liabilities	(448,977)	-
Treasury shares transferred to employees	282,739	661,899
Change in non-controlling interests	5,249,087	951,282
Net cash flows generated from (used in) financing activities	<u>1,726,354</u>	<u>(4,179,413)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>700,743</u>	<u>1,839,641</u>
Net increase (decrease) in cash and cash equivalents	<u>5,960,045</u>	<u>(29,527,276)</u>
Cash and cash equivalents at beginning of period	<u>43,529,023</u>	<u>65,986,117</u>
Cash and cash equivalents at end of period	<u>\$ 49,489,068</u>	<u>36,458,841</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards

WISTRON CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019 and 2018

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

(1) Company history

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

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

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

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

The consolidated financial statements for the six months ended June 30, 2019 and 2018 were authorized for issuance by the Board of Directors on August 12, 2019.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(3) New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

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

- (i) IFRS 16 “Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases – Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below:

- 1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(c).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on balance sheets.

The Group decided to apply recognition exemptions to short-term leases with less than 12 month and leases of low-value, building and improvements, office equipment and transportation equipment.

At transition, leases of which classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- The Group determines lease terms (e.g. lease periods) based on the projected status at the date of initial application, to measure lease liabilities.

3) Impacts on financial statements

On transition to IFRS 16, the Group recognised additional right-of-use assets and lease liabilities amounting to \$4,221,127 and \$1,698,090, respectively, and recognised the differences in other non-current assets of \$2,526,096, other current assets of \$52,225, retained earnings of \$54,346 and non-controlling interests of \$938. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.71%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	\$ 2,146,225
Recognition exemption for:	
short-term leases	(481,513)
leases of low-value assets	(5,099)
Extension and termination options reasonably certain to be exercised	137,878
Variable lease payment based on an index or a rate	(18,138)
	\$ 1,779,353
Discounted using the incremental borrowing rates at January 1, 2019	(81,263)
Lease liabilities recognized at January 1, 2019	\$ 1,698,090

(b) The impact of IFRS issued by the FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

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

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2018. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2018.

(a) Statement of compliance

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

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “ Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Investor	Name of subsidiary	Shareholding			Notes
		June 30, 2019	December 31, 2018	June 30, 2018	
the Company	International Standards Laboratory Corp. (“ISL”, Taiwan)	100.00	100.00	100.00	(note 1)
the Company	Wistron Mexico, S.A. de C.V. (“WMX”, Mexico)	100.00	100.00	100.00	(note 1)
the Company	Wistron Technology (Malaysia) Sdn. Bhd. (“WMY”, Malaysia)	100.00	100.00	100.00	(note 1)
the Company	Wistron Mobile Solutions Corporation (“WCH”, U.S.A.)	100.00	100.00	100.00	(note 1)
the Company	Wistron InfoComm (Czech), s.r.o. (“WCCZ”, Czech Republic)	100.00	100.00	100.00	
the Company	Wistron Technology Service (America) Corporation (“WTS”, U.S.A.)	100.00	100.00	100.00	(note 1)
the Company/WLB/WCL	Wiwynn Corporation (“WYHQ”, Taiwan)	50.86	57.44	57.47	
Cowin/AIHH	Wistron InfoComm (Zhongshan) Corporation (“WZS”, China)	100.00	100.00	100.00	
Win Smart	Wistron InfoComm (Kunshan) Co., Ltd. (“WAKS”, China)	100.00	100.00	100.00	
Win Smart	Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. (“WEKS”, China)	100.00	100.00	100.00	
Win Smart	Wistron InfoComm (Taizhou) Co., Ltd. (“WTZ”, China)	100.00	100.00	100.00	
Win Smart	Wistron InfoComm (CHONGQING) Co., Ltd. (“WCQ”, China)	100.00	100.00	100.00	
Win Smart	Wistron InfoComm Technology Service (Kunshan) Co., Ltd. (“WRKS”, China)	100.00	100.00	100.00	(note 1)
WSC	Wistron InfoComm (Chengdu) Co., Ltd. (“WCD”, China)	100.00	100.00	100.00	
WDC	Wistron Optronics (Kunshan) Co., Ltd. (“WOK”, China)	100.00	100.00	100.00	
WVS	Wistron InfoComm Technology (Zhongshan) Co., Ltd. (“WTZS”, China)	100.00	100.00	100.00	(note 1)
WEH	Polymer Vision B.V. (“WPV”, Holland)	100.00	100.00	100.00	(note 1)
WCL	Creator Technology B.V. (“WCT”, Holland)	100.00	100.00	100.00	(note 1)
WCL	Abilliant Corporation (“WAC”, Taiwan)	100.00	100.00	-	(note 1)

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Name of subsidiary	Shareholding			Notes
		June 30, 2019	December 31, 2018	June 30, 2018	
WYHQ	Wiywan Technology Service Japan, Inc. ("WYJP", Japan)	50.86	57.44	57.47	(note 1)
WYHQ	Wiwynn International Corporation ("WYUDE", U.S.A.)	50.86	57.44	57.47	
WYHQ	Wiwynn Korea Ltd. ("WYKR", South Korea)	50.86	57.44	57.47	(note 1)
WYHQ	Wiwynn Mexico, S.A. de C.V. (WYMX · Mexico)	50.86	-	-	(note 1)
WYHQ	WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD. ("WYMY", Malaysia)	50.86	57.44	57.47	(note 1)
WYHK	Wiwynn Technology Service Kunshan, Ltd. ("WYKS", China)	50.86	57.44	57.47	(note 1)
WMH	Wistron Medical Technology Corporation ("WMT", Taiwan)	100.00	100.00	100.00	(note 1)
WMH	B Temia Asia Pte Ltd. ("BTA", Singapore)	70.00	-	-	(note 1)(note 2)
WMT	Wistron Medical Tech (Chongqing) Co., Ltd. ("WMCQ", China)	100.00	100.00	100.00	(note 1)
WSSG/WHK	Wistron InfoComm Manufacturing (India) Private Limited ("WMI", India)	100.00	100.00	100.00	(note 1)

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

Investor	Name of subsidiary	Shareholding			Notes
		June 30, 2019	December 31, 2018	June 30, 2018	
the Company	Cowin Worldwide Corporation ("Cowin", British Virgin Islands)	100.00	100.00	100.00	(note 1)
the Company	All Holding Corporation ("AIH", British Virgin Islands)	100.00	100.00	100.00	
the Company	SMS InfoComm Corporation ("WTX", U.S.A.)	100.00	100.00	100.00	
the Company	WiAdvance Technology Corporation ("AGI", Taiwan)	99.99	99.99	99.95	(note 1)
the Company	Anwith Technology Corporation ("WCHQ", Taiwan)	100.00	100.00	100.00	(note 1)
the Company	SMS InfoComm (Singapore) Pte. Ltd. ("WSSG", Singapore)	100.00	100.00	100.00	
the Company	Service Management Solutions Colombia S.A.S. ("WSCO", Colombia)	100.00	100.00	100.00	(note 1)
the Company	Service Management Solutions Mexico SA de C.V. ("WSMX", Mexico)	100.00	100.00	100.00	(note 1)
the Company	Wistron InfoComm (Philippines) Corporation ("WSPH", Philippines)	100.00	100.00	100.00	(note 1)
the Company	ANWITH SERVICE CO., LTD. ("WSTH", Thailand)	100.00	100.00	100.00	(note 1)
the Company	Anwith Corporation ("ANC", U.S.A.)	100.00	100.00	100.00	(note 1)
the Company	SMS InfoComm Global Service (CQ) ("WSCQ", China)	100.00	100.00	100.00	(note 1)
the Company	SMS InfoComm Chile Servicios Limitada ("WSCL", Chile)	100.00	100.00	100.00	(note 1)
the Company/AIHH	SMS InfoComm Technology Services and Management Solutions Ltd. ("WBR", Brazil)	100.00	100.00	100.00	(note 1)
the Company/WCL	SMS InfoComm Technology Services Limited Company ("WTR", Turkey)	100.00	100.00	100.00	(note 1)
WLLC	Wistron InfoComm Technology (America) Corporation ("WITX", U.S.A.)	100.00	100.00	100.00	
WLLC	Wistron InfoComm Technology (Texas) Corporation ("WITT", U.S.A.)	100.00	100.00	100.00	(note 1)
Win Smart	Wistron Service (Kunshan) Corp. ("WSKS", China)	100.00	100.00	100.00	(note 1)
Win Smart	Wistron Hong Kong Limited ("WHK", Hong Kong)	100.00	100.00	100.00	(note 1)
Win Smart	SMS (Kunshan) Co., Ltd. ("WMKS", China)	100.00	100.00	100.00	(note 1)
WDC	Wistron Optronics (Shanghai) Co., Ltd. ("WOSH", China)	100.00	100.00	100.00	(note 1)
AIHH	Wistron K.K. ("WJP", Japan)	100.00	100.00	100.00	(note 1)
WSSG/WHK	ICT Service Management Solutions (India) Private Limited ("WIN", India)	100.00	100.00	100.00	
WSSG	SMS INFOCOMM (MALAYSIA) SDN. BHD. ("WSMY", Malaysia)	100.00	100.00	100.00	(note 1)
WEH	SMS InfoComm (Czech) s.r.o. ("WSCZ", Czech Republic)	100.00	100.00	100.00	(note 1)
WHK	ANWITH (Kunshan) Co., LTD. ("WCKS", China)	-	-	100.00	(note 1)(note 3)

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Investor	Name of subsidiary	Shareholding			Notes
		June 30, 2019	December 31, 2018	June 30, 2018	
AIHH	Wistron InfoComm (Shanghai) Corporation (“WSH”, China)	100.00	100.00	100.00	(note 1)
WEDH	WIEDU SDN. BHD. (“WEMY”, Malaysia)	100.00	100.00	100.00	(note 1)

- 4) Subsidiaries engaged in recycling of electronic products:

Investor	Name of subsidiary	Shareholding			Notes
		June 30, 2019	December 31, 2018	June 30, 2018	
the Company	Wistron GreenTech (Texas) Corporation (“WGTX”, U.S.A.)	100.00	100.00	100.00	(note 1)
WGHK	Wistron Advanced Materials (Kunshan) Co., Ltd. (“WGKS”, China)	100.00	100.00	100.00	(note 1)

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

Investor	Name of subsidiary	Shareholding			Notes
		June 30, 2019	December 31, 2018	June 30, 2018	
the Company	WiEdu Hong Kong Limited (“WEHK”, Hong Kong)	100.00	100.00	100.00	(note 1)
WEHK	WIEDU CORPORATION (“WETW”, Taiwan)	100.00	100.00	100.00	(note 1)
WEHK	Weshtek Information Technology Services Co., Ltd., Shanghai (“WESH”, China)	100.00	100.00	100.00	(note 1)

- 6) Investment and holding companies:

Investor	Name of subsidiary	Shareholding			Notes
		June 30, 2019	December 31, 2018	June 30, 2018	
the Company	Wise Cap Limited Company (“WCL”, Taiwan)	100.00	100.00	100.00	(note 1)
the Company	Win Smart Co., Ltd. (“Win Smart”, British Virgin Islands)	100.00	100.00	100.00	
the Company	Wistron LLC (“WLLC”, U.S.A.)	100.00	100.00	100.00	(note 1)
the Company	WisVision Corporation (“WVS”, British Virgin Islands)	100.00	100.00	100.00	(note 1)
the Company	Wistron Advanced Materials (Hong Kong) Limited (“WGHK”, Hong Kong)	100.00	100.00	100.00	(note 1)
the Company	WiEDU Holding Co., Ltd (“WEDH”, Seychelles)	100.00	100.00	100.00	(note 1)
the Company	WiseCap (Hong Kong) Limited (“WCHK”, Hong Kong)	100.00	100.00	100.00	(note 1)
WCL	LE BEN Investment Ltd (“WLB”, Taiwan)	100.00	100.00	100.00	(note 1)
the Company/AIHH	Wistron Europe Holding Cooperatie U.A. (“WEH”, Holland)	100.00	100.00	100.00	(note 1)
AIHH	WinDisplay Corporation (“WDC”, British Virgin Islands)	100.00	100.00	100.00	(note 1)
Win Smart	Wistron Hong Kong Holding Limited (“WHHK”, Hong Kong)	100.00	100.00	100.00	(note 1)
Win Smart	Wistron Investment (Jiangsu) Co., Ltd. (“WJC”, China)	100.00	-	-	(note 1)(note 2)
WHHK	Wistron Investment (Sichuan) Co., Ltd. (“WSC”, China)	100.00	100.00	100.00	(note 1)
WYHQ	Wiwynn Technology Service Hong Kong Limited (“WYHK”, Hong Kong)	50.86	57.44	57.47	(note 1)
the Company	Wistron Medical Tech Holding Company (“WMH”, Taiwan)	100.00	100.00	100.00	(note 1)
the Company	Wistron Digital Technology Holding Company (“WDH”, Taiwan)	100.00	100.00	100.00	(note 1)

(Note 1) This is an immaterial subsidiary for which the consolidated financial statements are not reviewed by the independent auditors.

(Note 2): Capital injection in 2019Q2.

(Note 3): WCKS was dissolved and completed the liquidation in 2018Q3.

- (ii) Subsidiaries excluded from consolidated: None.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Lease (applicable from January 1, 2019)

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) The Group has the right to the direct use of its asset if either :
 - It has the decision-making rights that are most relevant to changing how, and for what purpose, the asset is used.
 - In rare cases, where the decision on how, and for what purpose, the asset is used is predetermined.
 - the Group has the right to operate its asset, wherein the providers do not have the right to change; or
 - the Group designed the asset in a way that predetermines how, and for what purpose, it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments or penalties for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the Group's evaluation of purchase options; or
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any modifications to the assets, scope and other terms of the lease.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases with less than 12 month and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(d) Employee benefits

The pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant onetime events.

(e) Income Taxes

The income tax expenses have been prepared and disclosed in accordance with International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

The temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and recognized directly in equity or other comprehensive income as tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2018.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2018. Please refer to Note 6 of the 2018 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Cash on hand	\$ 25,982	27,302	27,298
Demand and check deposits	32,529,860	34,670,531	27,258,181
Time deposits	<u>16,933,226</u>	<u>8,831,190</u>	<u>10,996,337</u>
Cash and cash equivalents	49,489,068	43,529,023	38,281,816
Bank overdrafts used for cash management purposes	<u>-</u>	<u>-</u>	<u>(1,822,975)</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 49,489,068</u>	<u>43,529,023</u>	<u>36,458,841</u>

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

(i) Current financial assets at fair value through profit or loss:

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign currency swap contracts	\$ 160,145	11,755	649,794
Foreign currency forward contracts	13,620	5,895	4,412
Cross currency swap contracts	1,302	-	-
Non-derivative financial assets			
Money market fund	50,232	50,105	409,298
Structured deposits	<u>-</u>	<u>-</u>	<u>69,271</u>
	<u>\$ 225,299</u>	<u>67,755</u>	<u>1,132,775</u>

(ii) Current financial liabilities at fair value through profit or loss:

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Financial liabilities at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign currency swap contracts	\$ 131,659	63,029	19,969
Foreign currency forward contracts	<u>1,644</u>	<u>11,307</u>	<u>9,916</u>
	<u>\$ 133,303</u>	<u>74,336</u>	<u>29,885</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

- 1) Foreign currency swap contracts:

June 30, 2019		
Amount (in thousands)	Currency	Expiration
EUR <u>6,000</u>	EUR Put / USD Call	2019/7/15
USD <u>30,000</u>	USD Put / TWD Call	2019/8/1
TWD <u>3,401,850</u>	TWD Put / USD Call	2019/7/25~2019/8/1
USD <u>914,000</u>	TWD Put / USD Call	2019/7/1~2019/9/11
December 31, 2018		
Amount (in thousands)	Currency	Expiration
EUR <u>6,000</u>	EUR Put / USD Call	2019/1/10
USD <u>1,070,000</u>	TWD Put / USD Call	2019/1/2~2019/3/12
June 30, 2018		
Amount (in thousands)	Currency	Expiration
USD <u>69,000</u>	USD Put / TWD Call	2018/7/2~2018/7/9
EUR <u>6,000</u>	EUR Put / USD Call	2018/7/11
USD <u>1,055,000</u>	TWD Put / USD Call	2018/7/2~2018/9/7

- 2) Foreign currency forward contracts:

June 30, 2019		
Amount (in thousands)	Currency	Expiration
USD <u>31,000</u>	USD Put / TWD Call	2019/7/1
USD <u>6,124</u>	USD Put / BRL Call	2019/9/20
USD <u>10,000</u>	TWD Put / USD Call	2019/7/3~2019/7/22
December 31, 2018		
Amount (in thousands)	Currency	Expiration
USD <u>13,000</u>	USD Put / CNY Call	2019/1/3~2019/1/31
USD <u>222,000</u>	TWD Put / USD Call	2019/1/2~2019/1/30

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 30, 2018

<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Expiration</u>
USD <u>18,000</u>	USD Put / TWD Call	2018/7/2~2018/7/5
USD <u>17,000</u>	USD Put / CNY Call	2018/7/10~2018/7/27
USD <u>40,000</u>	TWD Put / USD Call	2018/7/27~2018/7/30

3) Cross currency swap contracts:

June 30, 2019

<u>Amount (in thousands)</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Swap rate</u>
USD \$ <u>4,000</u>	2019.1.15~2019.7.19	8.60 %	4.20 %

(iii) Non-current financial assets at fair value through profit or loss:

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Convertible bonds	\$ 414,253	425,043	440,003
Simple agreement for future equity (SAFE)	<u>16,596</u>	<u>13,828</u>	<u>68,780</u>
	<u>\$ 430,849</u>	<u>438,871</u>	<u>508,783</u>

Please refer to Note 6(v) for the measurement of fair value recognized in profit or loss.

(c) Non-current financial asset at fair value through other comprehensive income

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Equity investments at fair value through other comprehensive income:			
Listed companies	\$ 2,021,137	1,538,374	1,806,131
Unlisted companies	518,611	515,816	1,033,908
Unlisted fund	<u>1,276,349</u>	<u>1,165,275</u>	<u>656,119</u>
Total	<u>\$ 3,816,097</u>	<u>3,219,465</u>	<u>3,496,158</u>

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group sold its shares in Applied BioCode, Inc., IP Cathay One, and Phostek, Inc., with a fair value of \$6,272, during the 2nd quarter of 2019; as well as disposed its shares in Jafco Asia Technology Fund III and Gamania, with a fair value of \$8,155, during the 2nd quarter of 2018, resulting in the Group to recognize the net losses of \$117,719 and \$55,702, respectively, which were accounted for as other comprehensive income; then later on, were reclassified to retained earnings.

- (ii) For market risk, please refer to Note 6(x).
- (iii) The aforementioned financial assets were not pledged as collateral.
- (d) Notes and accounts receivable

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable measured at amortized cost	\$ 27,094	541,001	39,360
Accounts receivable - measured at amortized cost	103,204,821	108,685,774	82,279,562
Accounts receivable - measured at FVOCI	5,244,276	9,677,107	16,723,535
Account receivable - related parties - measured at amortized cost	440,440	58,988	63,129
Less: loss allowance	(628,120)	(609,927)	(583,531)
	<u>\$ 108,288,511</u>	<u>118,352,943</u>	<u>98,522,055</u>

The Group has managed a portion of its accounts receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance was determined as follows:

	June 30, 2019		
	Gross carrying amount	Weighted - average expected loss rate	Expected credit loss
Current	\$ 106,475,184	0%~0.001%	587
1 to 60 days past due	1,617,789	0%~1.643%	3,959
61 to 120 days past due	87,482	0%~2.730%	1,296
121 to 180 days past due	99,856	0%~3.793%	690
181 to 240 days past due	22,613	0%~4.983%	983
241 to 300 days past due	3,931	3.448%~15.483%	196
More than 301 days past due	609,776	10.344%~100%	606,667
Total	<u>\$ 108,916,631</u>		<u>614,378</u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2018		
	Gross carrying amount	Weighted - average expected loss rate	Expected credit loss
Current	\$ 117,709,988	0%~0.00003%	16
1 to 60 days past due	589,877	0%~0.018%	20
61 to 120 days past due	26,722	0%~0.299%	41
121 to 180 days past due	36,558	0%~0.854%	210
181 to 240 days past due	2,488	0%~1.982%	40
241 to 300 days past due	4,786	1.077%~15.174%	95
More than 301 days past due	<u>592,451</u>	4.347%~100%	<u>591,857</u>
Total	<u><u>\$ 118,962,870</u></u>		<u><u>592,279</u></u>

	June 30, 2018		
	Gross carrying amount	Weighted - average expected loss rate	Expected credit loss
Current	\$ 97,404,764	0%~0.004%	1,757
1 to 60 days past due	1,081,113	0.23%~0.66%	2,217
61 to 120 days past due	29,466	4.61%~7.97%	1,402
121 to 180 days past due	2,446	13.60%~17.93%	306
181 to 240 days past due	8,420	22.28%~28.17%	1,931
241 to 300 days past due	186,120	38.44%~70.59%	131,300
More than 301 days past due	<u>393,257</u>	100%	<u>393,257</u>
Total	<u><u>\$ 99,105,586</u></u>		<u><u>532,170</u></u>

The movement in the loss allowance for notes and accounts receivable were as follows:

	January to June, 2019	January to June, 2018
Balance on January 1	\$ 609,927	778,656
Impairment losses recognized	19,134	1,408
Written off unrecoverable amount	(1,155)	(44)
Reclassification	-	(197,731)
Effect of changes in foreign exchange rates	<u>214</u>	<u>1,242</u>
Balance on June 30	<u><u>\$ 628,120</u></u>	<u><u>583,531</u></u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The factored accounts receivable that conformed to the derecognition criteria were as follows:

Unit: USD in thousands

June 30, 2019					
Factored amount	Factoring credit limit	Advance amount	Collateral	Important derecognition clause	Derecognized amount
\$ 2,420,350	3,084,882	2,291,951	691,000	Without recourse	2,356,350
December 31, 2018					
Factored amount	Factoring credit limit	Advance amount	Collateral	Important derecognition clause	Derecognized amount
\$ 2,643,752	3,771,888	2,421,354	691,000	Without recourse	2,488,954
June 30, 2018					
Factored amount	Factoring credit limit	Advance amount	Collateral	Important derecognition clause	Derecognized amount
\$ 2,264,102	3,296,172	2,075,806	691,000	Without recourse	2,121,898

The above mentioned factorings of accounts receivable to banks are recognized when the ownership and the significant risks of the factored accounts receivable was transferred. As of June 30, 2019, December 31 and June 30, 2018, included among the factored accounts receivable were accounts receivable of \$2,001,003, \$2,077,552 and \$1,405,798, respectively, which were yet to be factored by banks since the ownership and the significant risks were not transferred, therefore, they were included in "Other current assets" in the accompanying balance sheets.

For the six months ended June 30, 2019 and 2018, the average annual interest rates on factored accounts receivable were 2.74%~3.62% and 2.04%~3.33%, respectively.

As of June 30, 2019, December 31 and June 30, 2018 the notes and accounts receivable were not pledged.

(e) Other receivables

	June 30, 2019	December 31, 2018	June 30, 2018
Other current assets - other receivables	\$ 15,112,846	12,278,703	10,580,397
Other receivables - related parties	3,035	2,845	2,899
Less: loss allowance	(197,731)	(197,731)	(197,731)
	\$ 14,918,150	12,083,817	10,385,565

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of June 30, 2019, December 31 and June 30, 2018 the Group recognized its expected credit loss of \$197,731.

(f) Inventories

	June 30, 2019	December 31, 2018	June 30, 2018
Raw materials	\$ 33,180,502	38,714,668	43,354,065
Work in progress	6,456,864	4,874,805	4,341,215
Finished goods	30,413,794	33,452,423	28,885,846
Inventory in transit	<u>10,146,487</u>	<u>12,572,127</u>	<u>11,285,152</u>
	<u>\$ 80,197,647</u>	<u>89,614,023</u>	<u>87,866,278</u>

For the six months ended June 30, 2019 and 2018, the details of cost of sales were as follows:

	April to June, 2019	April to June, 2018	January to June, 2019	January to June, 2018
Cost of goods sold	\$194,479,449	179,501,565	391,408,438	387,732,258
Loss on valuation of inventories	777,720	799,925	1,534,471	1,406,637
Loss (Gain) on inventory physical count	(12)	(583)	33	(2,736)
Income from sale of scraps	(51,755)	(33,716)	(89,373)	(59,114)
Unallocated manufacturing overhead	<u>115,542</u>	<u>202,233</u>	<u>274,129</u>	<u>396,006</u>
	<u>\$195,320,944</u>	<u>180,469,424</u>	<u>393,127,698</u>	<u>389,473,051</u>

As of June 30, 2019, December 31 and June 30, 2018, the inventories were not pledged.

(g) Equity-accounted investees

The components of investments accounted for using the equity method were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Associates	<u>\$ 6,404,685</u>	<u>6,514,305</u>	<u>5,797,516</u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) The fair value of investments in associates of the Group for which there are public price quotations were as follows:

	June 30, 2019		December 31, 2018		June 30, 2018	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
WNC	\$ 3,555,815	6,579,930	3,781,144	7,182,191	3,301,780	6,406,837
WITS	521,173	1,498,004	505,732	1,069,597	282,996	654,988
Formosa Prosonic Industries Berhad (FPI)	<u>453,417</u>	<u>905,024</u>	<u>465,872</u>	<u>860,237</u>	<u>427,914</u>	<u>695,428</u>
	<u>\$ 4,530,405</u>	<u>8,982,958</u>	<u>4,752,748</u>	<u>9,112,025</u>	<u>4,012,690</u>	<u>7,757,253</u>

- (ii) For the six months ended June 30, 2019 and 2018, the recognized share of profits and other comprehensive income of associates were as follows:

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Attributable to the Group:				
Net profit	\$ 81,881	52,836	129,306	95,387
Other comprehensive income	<u>(39,420)</u>	<u>(4,835)</u>	<u>43,430</u>	<u>27,140</u>
Comprehensive income	<u>\$ 42,461</u>	<u>48,001</u>	<u>172,736</u>	<u>122,527</u>

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Total assets	<u>\$ 56,080,373</u>	<u>54,982,471</u>	<u>49,883,049</u>
Total liabilities	<u>\$ 31,456,592</u>	<u>30,034,318</u>	<u>27,786,727</u>

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Revenue	<u>\$ 20,119,440</u>	<u>17,221,948</u>	<u>37,308,461</u>	<u>31,495,583</u>
Profit	<u>\$ 419,364</u>	<u>317,920</u>	<u>606,758</u>	<u>460,046</u>

- (iv) Collateral

As of June 30, 2019, December 31 and June 30, 2018, the investments in aforementioned equity-accounted investees were not pledged as collateral.

- (v) The unreviewed financial statements of investments accounted for using equity method

Except for WNC and WITS, investments accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated basing on the financial statements that have not been reviewed.

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(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries was as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
WYHQ	Taiwan	49.14 %	42.56 %	42.53 %

The following information of the aforementioned subsidiary was not adjusted using the Group's percentage of controlling interest:

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Total assets	<u>\$ 38,190,861</u>	<u>28,204,042</u>	<u>26,667,550</u>
Total liabilities	<u>\$ 21,106,368</u>	<u>17,427,255</u>	<u>18,737,431</u>
	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>
Revenue	<u>\$ 42,263,224</u>	<u>46,367,401</u>	<u>80,699,564</u>
Profit	<u>\$ 1,658,255</u>	<u>1,735,056</u>	<u>2,785,474</u>

(i) Property, plant and equipment

	<u>Land</u>	<u>Building and improvements</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Research and development equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:								
Balance at January 1, 2019	\$ 3,506,678	28,851,602	30,680,768	14,581,575	2,734,023	2,478,359	10,310,666	93,143,671
Additions	-	41,250	977,418	306,373	87,385	117,386	1,037,523	2,567,335
Reclassification (Note)	-	3,740	236,137	464,148	1,355	-	212,096	917,476
Reclassified as expense	-	-	(19)	-	(485)	-	(2,442)	(2,946)
Disposals	-	(203,761)	(666,519)	(10,473)	(94,029)	(58,435)	(672,726)	(1,705,943)
Effect of changes in foreign exchange rates	16,983	308,429	331,940	30,077	4,258	21,058	115,331	828,076
Balance at June 30, 2019	<u>\$ 3,523,661</u>	<u>29,001,260</u>	<u>31,559,725</u>	<u>15,371,700</u>	<u>2,732,507</u>	<u>2,558,368</u>	<u>11,000,448</u>	<u>95,747,669</u>
Balance at January 1, 2018	\$ 3,493,947	27,846,908	23,140,184	13,761,596	2,752,323	2,447,673	7,680,216	81,122,847
Additions	253,959	61,893	1,347,658	256,166	51,965	67,020	1,911,965	3,950,626
Reclassification (Note)	-	313,818	151,708	373,507	5,547	4,427	(237,171)	611,836
Reclassified as expense	-	-	-	-	-	-	(18,839)	(18,839)
Disposals	-	(62,765)	(435,546)	(112,290)	(9,980)	(34,026)	(185,844)	(840,451)
Effect of changes in foreign exchange rates	14,988	546,436	488,586	40,179	10,827	25,337	167,999	1,294,352
Balance at June 30, 2018	<u>\$ 3,762,894</u>	<u>28,706,290</u>	<u>24,692,590</u>	<u>14,319,158</u>	<u>2,810,682</u>	<u>2,510,431</u>	<u>9,318,326</u>	<u>86,120,371</u>

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	<u>Land</u>	<u>Building and improvements</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Research and development equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation and impairment loss :								
Balance at January 1, 2019	\$ -	11,975,460	14,711,098	13,639,620	2,384,330	2,054,993	5,509,783	50,275,284
Depreciation	-	914,825	2,104,752	853,051	88,240	97,348	529,844	4,588,060
Disposals	-	(203,761)	(637,988)	(10,473)	(94,011)	(38,037)	(619,165)	(1,603,435)
Effect of changes in foreign exchange rates	-	129,498	155,572	20,663	3,218	15,451	55,034	379,436
Balance at June 30, 2019	<u>\$ -</u>	<u>12,816,022</u>	<u>16,333,434</u>	<u>14,502,861</u>	<u>2,381,777</u>	<u>2,129,755</u>	<u>5,475,496</u>	<u>53,639,345</u>
Balance at January 1, 2018	\$ -	10,135,569	11,677,712	13,246,431	2,356,474	1,973,805	5,079,506	44,469,497
Depreciation	-	871,300	1,610,115	511,101	112,733	100,555	456,699	3,662,503
Disposals	-	(62,765)	(431,482)	(112,290)	(9,010)	(34,132)	(160,262)	(809,941)
Effect of changes in foreign exchange rates	-	223,137	253,758	26,044	9,543	21,364	93,448	627,294
Balance at June 30, 2018	<u>\$ -</u>	<u>11,167,241</u>	<u>13,110,103</u>	<u>13,671,286</u>	<u>2,469,740</u>	<u>2,061,592</u>	<u>5,469,391</u>	<u>47,949,353</u>
Carrying value:								
Balance at January 1, 2019	<u>\$ 3,506,678</u>	<u>16,876,142</u>	<u>15,969,670</u>	<u>941,955</u>	<u>349,693</u>	<u>423,366</u>	<u>4,800,883</u>	<u>42,868,387</u>
Balance at June 30, 2019	<u>\$ 3,523,661</u>	<u>16,185,238</u>	<u>15,226,291</u>	<u>868,839</u>	<u>350,730</u>	<u>428,613</u>	<u>5,524,952</u>	<u>42,108,324</u>
Balance at January 1, 2018	<u>\$ 3,493,947</u>	<u>17,711,339</u>	<u>11,462,472</u>	<u>515,165</u>	<u>395,849</u>	<u>473,868</u>	<u>2,600,710</u>	<u>36,653,350</u>
Balance at June 30, 2018	<u>\$ 3,762,894</u>	<u>17,539,049</u>	<u>11,582,487</u>	<u>647,872</u>	<u>340,942</u>	<u>448,839</u>	<u>3,848,935</u>	<u>38,171,018</u>

(Note): Reclassifications are mainly transferring from other non-current assets - advance payment for equipment.

(j) Right-of-use assets

The Group leases many assets including land, buildings and improvement, machinery and equipment, office equipment and other equipment. Information about leases for which the Group as a lessee is as below:

	<u>Land</u>	<u>Building and improvements</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2019	\$ -	-	-	-	-	-
Effects of retrospective application	3,171,229	3,228,685	6,348	2,188	48,880	6,457,330
Addition	-	246,347	-	20,585	16,345	283,277
Decrease	-	(17,658)	(6,400)	-	(5,264)	(29,322)
Effect of changes in foreign exchange rates	36,485	36,209	52	23	154	72,923
Balance at June 30, 2019	<u>\$ 3,207,714</u>	<u>3,493,583</u>	<u>-</u>	<u>22,796</u>	<u>60,115</u>	<u>6,784,208</u>
Accumulated depreciation and impairment losses:						
Balance at January 1, 2019	\$ -	-	-	-	-	-
Effects of retrospective application	530,303	1,689,415	2,645	393	13,447	2,236,203
Depreciation for the year	31,398	268,679	574	1,445	7,620	309,716
Decrease	-	(3,838)	(3,241)	-	(3,049)	(10,128)
Effect of changes in foreign exchange rates	5,455	22,024	22	4	41	27,546
Balance at June 30, 2019	<u>\$ 567,156</u>	<u>1,976,280</u>	<u>-</u>	<u>1,842</u>	<u>18,059</u>	<u>2,563,337</u>
Carrying amount:						
Balance at June 30, 2019	<u>\$ 2,640,558</u>	<u>1,517,303</u>	<u>-</u>	<u>20,954</u>	<u>42,056</u>	<u>4,220,871</u>

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WISTRON CORPORATION AND SUBSIDIARIES
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The Group leases land, offices, warehouses and factory facilities under an operating lease for the six months ended June 30, 2018, please refer to Note 6(o).

(k) Intangible assets

	<u>Patent</u>	<u>Goodwill</u>	<u>Software</u>	<u>Expertise</u>	<u>Total</u>
Carrying value:					
Balance at January 1, 2019	\$ <u>153,335</u>	<u>561,485</u>	<u>324,972</u>	<u>37,405</u>	<u>1,077,197</u>
Balance at June 30, 2019	\$ <u>127,400</u>	<u>561,485</u>	<u>250,886</u>	<u>104,042</u>	<u>1,043,813</u>
Balance at January 1, 2018	\$ <u>223,253</u>	<u>561,485</u>	<u>229,480</u>	<u>43,406</u>	<u>1,057,624</u>
Balance at June 30, 2018	\$ <u>185,321</u>	<u>561,485</u>	<u>214,750</u>	<u>40,475</u>	<u>1,002,031</u>

There were no significant additions, impairment loss or reversal gain for intangible assets for the six months ended June 30, 2019 and 2018. Please refer to Note 12 for the amounts of amortization. For other related information, please refer to the Note 6(l) of the consolidated financial statements for the year ended December 31, 2018.

(l) Other current assets and non-current assets

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
(i) Other current assets:			
Other receivables, net	\$ 14,915,115	12,080,972	10,382,666
Prepaid royalties	317,095	349,859	383,230
Other prepayments	2,291,080	3,451,855	3,152,078
Tax refundable	5,076,911	6,754,753	4,048,316
Others	<u>78,771</u>	<u>111,849</u>	<u>66,455</u>
	<u>\$ 22,678,972</u>	<u>22,749,288</u>	<u>18,032,745</u>
(ii) Other non-current assets:			
Advance payment for equipment	\$ 669,248	563,177	3,078,782
Prepaid rent	-	2,521,602	2,134,251
Refundable deposits	293,907	266,335	307,064
Others	<u>426,777</u>	<u>429,195</u>	<u>434,809</u>
	<u>\$ 1,389,932</u>	<u>3,780,309</u>	<u>5,954,906</u>

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WISTRON CORPORATION AND SUBSIDIARIES
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(m) Bank loans

(i) Short-term loans

June 30, 2019				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.88%~4.09%	2019/7/1~2020/4/15	\$ 60,785,898
Unsecured bank loans	JPY	0.33%~0.69%	2019/7/5~2019/8/7	623,809
Unsecured bank loans	TWD	1.17%~1.48%	2019/7/12~2019/12/22	281,850
Unsecured bank loans	EUR	0.69%~1.10%	2019/7/1~2019/7/17	1,627,438
Unsecured bank loans	CZK	2.90%~2.95%	2019/7/1	672,098
Total				\$ 63,991,093
Unused credit line				\$ 141,187,627
December 31, 2018				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.85%~5.51%	2019/1/2~2019/10/24	\$ 55,756,006
Unsecured bank loans	JPY	0.33%~0.69%	2019/1/10~2019/2/1	631,224
Unsecured bank loans	BRL	8.75%~9.35%	2019/3/21~2019/5/24	179,805
Unsecured bank loans	TWD	1.41%~1.48%	2019/1/3~2019/6/23	44,775
Unsecured bank loans	EUR	0.69%~1.10%	2019/1/24~2019/2/28	561,770
Unsecured bank loans	CNY	4.00%	2019/1/4	443,075
Unsecured bank loans	CZK	2.65%~2.71%	2019/2/28	3,396,049
Total				\$ 61,012,704
Unused credit line				\$ 146,841,181
June 30, 2018				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.54%~4.60%	2018/7/3~2019/7/3	\$ 65,934,045
Unsecured bank loans	JPY	0.32%~0.69%	2018/7/27~2019/5/31	598,406
Unsecured bank loans	BRL	9.35%	2018/12/21	197,658
Unsecured bank loans	TWD	1.10%~1.41%	2018/7/19~2018/12/22	153,500
Unsecured bank loans	CNY	4.35%	2018/9/20	138,543
Unsecured bank loans	INR	8.11%	2018/7/12	40,734
Total				\$ 67,062,886
Unused credit line				\$ 127,564,103

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WISTRON CORPORATION AND SUBSIDIARIES
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(ii) Long-term loans

June 30, 2019				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	3.60%~3.69%	2021/5/23	\$ 14,883,079
Unused credit line				\$ 13,828,800
December 31, 2018				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	3.59%~3.86%	2021/5/23~2021/5/27	\$ 20,234,382
Unused credit line				\$ 13,693,200
June 30, 2018				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.68%~3.33%	2018/10/30~2021/5/27	\$ 20,231,884
Less: current portion				(3,821,784)
Total				\$ 16,410,100
Unused credit line				\$ 14,041,216

(iii) Breach of covenant

1) The Company

On May 23, 2018, the Company entered into a 3-year loan agreement with Mega Bank (the lead bank) and 21 other participating banks, with significant terms as follows:

Total credit facility: USD800,000

Maturity date: The date 3 years after the first drawdown date, which should be within 6 months from the date the agreement was signed.

Availability period: Since the facility is revolving, each availability period should be more than 2 months and less than 6 months.

According to the loan agreement, during the loan repayment periods, the Company must comply with certain financial covenants, such as current ratio, debt ratio, interest coverage ratio and tangible net assets, based on its audited annual consolidated financial statements and reviewed semi-annual consolidated financial statements. If a breach of contract occurs, the Company's credit facility will immediately be restricted and will no longer be available for use without the approval of the majority of banks involved.

The Company was in compliance with the above financial covenants as of June 30, 2019, December 31 and June 30, 2018, respectively.

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WISTRON CORPORATION AND SUBSIDIARIES
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2) WYHQ

April 20, 2018, WYHQ entered into a 3-year loan agreement with Yuanta Bank (the lead bank) and 13 other participating banks, with significant terms as follows:

Total credit facility: USD180,000

Maturity date: The date 3 years after the first drawdown date, which should be within 6 months from the date the agreement was signed.

Availability period: Since the facility is revolving, each availability period should be more than 2 months and less than 6 months.

According to the loan agreement, during the loan repayment periods, WYHQ must comply with certain financial covenants, such as current ratio, net gearing ratios, interest coverage ratio and tangible net assets, based on its audited annual consolidated financial statements and reviewed semi-annual consolidated financial statements. If a breach of covenant occurs, WYHQ shall improve its financial structure within six months thereon, or a penalty will be imposed.

The aforementioned financial covenants were reviewed once every six months from December 31, 2018. WYHQ had fully repaid its loan as of June 30, 2019.

(iv) The interest expense for long-term and short-term loans for the three months and six months ended June 30, 2019 and 2018 were disclosed in Note 6(v).

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

(n) Lease liabilities

	June 30, 2019		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	\$ 644,285	26,754	617,531
Between one and five years	1,013,170	23,943	989,227
More than five years	48,680	2,400	46,280
	\$ 1,706,135	53,097	1,653,038
Current	\$ 644,285	26,754	617,531
Non-current	\$ 1,061,850	26,343	1,035,507

The Group recognized its lease liability amounting to \$283,277, with interest rates of 1.58%~9.00%. The lease liabilities are due in April, 2024.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	January to June, 2019
Interest on lease liabilities	<u>\$ 22,559</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 82,413</u>
Expenses relating to short-term leases	<u>\$ 72,842</u>
Expenses relating to leases of low-value assets	<u>\$ 5,282</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	January to June, 2019
Total cash outflow for leases	<u>\$ 632,073</u>

(i) Leases of land, buildings and improvement

As of June 30, 2019, the Group leases land, buildings and improvement for its office space, factory, warehouse and staff dormitory. The leases of land run for a period of 20 years, and of buildings typically for 1 to 5 years. Furthermore, the Group leases machinery, office equipment and transportation equipment, with lease terms typically of 1 to 5 years. Some leases contain extension options. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

As of June 30, 2019, there is not the occurrence of either a significant event or a significant change in circumstances and the reassessment of the lease required.

(ii) Other leases

In some cases, the Group also leases buildings, office equipment and transportation equipment with contract terms less than one year. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Operating leases

(i) Lessee

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

	December 31, 2018	June 30, 2018
Less than one year	\$ 804,288	577,475
Between one and five years	1,294,738	1,128,421
More than five years	<u>47,199</u>	<u>124,302</u>
	<u>\$ 2,146,225</u>	<u>1,830,198</u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group leases land, a number of offices, factories, warehouses, staff dormitory and facilities under operating leases. The leases typically run for the periods of 1 to 13 years.

For the six months ended June 30, 2018, expenses recognized in profit or loss in respect of operating leases were \$434,166.

(ii) Lessor

The Group leases a number of offices and factories under operating leases. The leases typically run for the periods of 1 year. For the six months ended June 30, 2019 and 2018, rental income recognized in profit or loss, were \$41,052 and \$61,081, respectively. The future minimum income under non-cancellable lease are as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Less than one year	<u>\$ 12,433</u>	<u>32,671</u>	<u>12,689</u>

(p) Employee benefits

(i) Defined benefit plans

In the prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, pension costs in the interim consolidated financial statements were measured and disclosed according to the actuarial report for the years ended December 31, 2019 and 2018.

The expenses recognized in profit or loss for the Group were as follows:

	April to June, 2019	April to June, 2018	January to June, 2019	January to June, 2018
Cost of sales	\$ 2,030	1,505	3,988	3,000
Selling expenses	1,377	1,262	2,756	2,515
Administrative expenses	1,414	1,282	2,816	2,567
Research and development expenses	<u>2,509</u>	<u>3,389</u>	<u>5,085</u>	<u>6,790</u>
	<u>\$ 7,330</u>	<u>7,438</u>	<u>14,645</u>	<u>14,872</u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Cost of sales	\$ 27,560	21,122	53,860	41,554
Selling expenses	22,413	22,748	43,183	44,133
Administrative expenses	8,918	8,093	17,887	16,050
Research and development expenses	72,714	66,821	145,575	133,882
	<u>\$ 131,605</u>	<u>118,784</u>	<u>260,505</u>	<u>235,619</u>

(q) Income Taxes

(i) Income tax expense

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Current tax expense				
Current period	\$ 586,829	540,824	1,093,647	1,044,504
Prior period adjustments	88,231	(63,922)	87,753	(112,459)
	<u>\$ 675,060</u>	<u>476,902</u>	<u>1,181,400</u>	<u>932,045</u>

(ii) The amounts of income tax expense recognized in other comprehensive income were as follows:

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Items that will not be reclassified to profit or loss subsequently:				
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	\$ 36,403	61,238	39,248	43,186

(iii) The Company's tax returns for the years through 2017 were examined and approved by the Taiwan National Tax Administration.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Capital and Other Equities

Except for the following disclosures, there were no significant differences in capital and other equities for the six months ended June 30, 2019 and 2018. Please refer to the Note 6(s) of the consolidated financial statements for the year ended December 31, 2018 for other related information.

(i) Capital

As of June 30, 2019, December 31 and June 30, 2018, the Company's authorized common stock consisted of 4,000,000,000 shares, with a par value of \$10 per share, of which 2,842,122,000 shares, 2,842,122,000 shares and 2,778,828,000 shares, respectively, were issued and outstanding.

On April 27, 2018, the Company's Board of Directors approved a resolution to distribute the employee remuneration amounting to \$711,308, consisting of 30,140,000 shares. The application of the capital increase was approved by the Financial Supervisory Commission. The date of capital increase was resolved to be June 6, 2018 by the Board of Directors. The relevant registration procedures had been completed.

On June 14, 2018, the Company's shareholders approved a resolution to distribute the retained earnings amounting to \$802,050, consisting of 80,205,000 shares, wherein, 30 shares per thousand shares were to be distributed as stock dividend. However, the Company transferred treasury stock to its employees and retired treasury stock in July, 2018. The stock distribution had been adjusted to 29.22908 shares per thousand shares accordingly. This distribution of retained earnings was passed during Board of Directors, with August 7, 2018 as the date of capital increase.

(ii) Treasury Shares

- 1) During 2015 and 2016, the Company repurchased its own common stock as treasury shares, of which the total number was 164,362,000 shares, in order to motivate and improve the operating performance of its employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of June 30, 2019 and 2018, the treasury shares transferred to employees were 137,499,000 shares and 116,292,000 shares, respectively. And 16,911,000 shares had been retired in July 2018 and November 2018, respectively. Therefore, the shares of treasury shares the Company held as of June 30, 2019 and 2018 were 9,952,000 shares and 48,070,000 shares, respectively.
- 2) Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10 % of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value, and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those that were not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury stock does not carry any shareholder rights until it is transferred.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Capital surplus

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

	<u>June 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>June 30,</u> <u>2018</u>
A premium issuance of common stock in exchange for the net assets of the DMS business of AI	\$ 1,800,000	1,800,000	1,800,000
A premium issuance of common shares for cash	20,235,635	20,235,635	20,369,730
Surplus arising from equity-accounted investees	2,303,605	755,644	268,151
Employee stock options	47,014	-	71,743
Transaction of treasury shares	41,852	4,979	-
Other	<u>67,361</u>	<u>67,361</u>	<u>-</u>
	<u>\$ 24,495,467</u>	<u>22,863,619</u>	<u>22,509,624</u>

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

(iv) Unappropriated earnings

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

1) Legal reserve

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

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WISTRON CORPORATION AND SUBSIDIARIES
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2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of the current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings (which does not qualify for earnings distribution) shall be reclassified as special earnings reserve to account for the cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

On November 21, 2012, the other unearned remuneration for restricted employee shares was not accounted for as contra account of other shareholders' equity in accordance with Decree No.1010051600 issued by the Securities and Futures Bureau.

3) Dividends

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

4) Earnings Distribution

The appropriation of 2018 and 2017 earnings that were approved at shareholder's meetings on June 12, 2019 and June 14, 2018, respectively, were as follows:

	<u>2018</u>	<u>2017</u>
Cash dividends	\$ 4,226,640	3,208,199
Stock dividends	-	802,050
	<u>\$ 4,226,640</u>	<u>4,010,249</u>

5) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
	<u>Group</u>	<u>Associates</u>	<u>Group</u>	<u>Associates</u>
Balance at January 1, 2019	\$ (1,105,265)	(187,327)	(2,730,320)	(105,322)
Foreign currency translation differences (net of tax)	793,465	20,211	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	-	321,542	23,219
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	117,719	-
Balance at June 30, 2019	<u>\$ (311,800)</u>	<u>(167,116)</u>	<u>(2,291,059)</u>	<u>(82,103)</u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) on available-for-sale financial assets		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
	Group	Associates	Group	Associates	Group	Associates
Balance at January 1, 2018	\$ (2,571,841)	(169,124)	(1,289,170)	19,880	-	-
Effects of retrospective application	-	-	1,289,170	(19,880)	(1,986,413)	(83,477)
Balance at January 1, 2018 after adjustments	(2,571,841)	(169,124)	-	-	(1,986,413)	(83,477)
Foreign currency translation differences (net of tax)	1,365,698	29,015	-	-	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	-	-	-	(192,199)	464
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	55,702	-
Balance at June 30, 2018	<u>\$ (1,206,143)</u>	<u>(140,109)</u>	<u>-</u>	<u>-</u>	<u>(2,122,910)</u>	<u>(83,013)</u>

6) Non-controlling interests (net of tax)

	January to June, 2019	January to June, 2018
Balance on January 1	\$ 4,586,385	1,294,688
Effects of retrospective application	(938)	-
Profit attributable to non-controlling interests	1,308,860	1,188,952
Other comprehensive income attributable to non-controlling interests		
Exchange differences on translation of foreign financial statements	29,577	60,429
Changes in non-controlling interests	<u>2,488,844</u>	<u>828,610</u>
Balance on June 30	<u>\$ 8,412,728</u>	<u>3,372,679</u>

(s) Share-based payment transactions

There were no significant differences in share-based payment transactions for the six months ended June 30, 2019 and 2018. Please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2018 and for other related information.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Earnings per share

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Basic earnings per share:				
Net profit belonging to common shareholders	\$ <u>1,252,168</u>	<u>640,613</u>	<u>2,241,951</u>	<u>1,553,383</u>
Weighted average common stock outstanding (in thousands)	<u>2,822,241</u>	<u>2,793,595</u>	<u>2,820,013</u>	<u>2,773,284</u>
Basic EPS (in dollars)	<u>0.44</u>	<u>0.23</u>	<u>0.80</u>	<u>0.56</u>
Diluted EPS:				
Net profit belonging to common shareholders	\$ <u>1,252,168</u>	<u>640,613</u>	<u>2,241,951</u>	<u>1,553,383</u>
Weighted average common stock outstanding (in thousands)	2,822,241	2,793,595	2,820,013	2,773,284
Effect of potentially dilutive common stock (in thousands):				
Employees' compensation	<u>17,287</u>	<u>21,244</u>	<u>32,048</u>	<u>31,948</u>
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	<u>2,839,528</u>	<u>2,814,839</u>	<u>2,852,061</u>	<u>2,805,232</u>
Diluted EPS (in dollars)	\$ <u>0.44</u>	<u>0.23</u>	<u>0.79</u>	<u>0.55</u>

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Primary geographical markets				
United states	\$ 83,964,043	83,744,293	157,615,053	164,994,691
China	49,046,669	37,640,213	110,148,474	99,371,464
Europe	39,147,382	34,436,013	79,250,087	73,157,364
Others	<u>33,391,044</u>	<u>33,527,239</u>	<u>64,740,059</u>	<u>68,877,164</u>
	<u>\$ 205,549,138</u>	<u>189,347,758</u>	<u>411,753,673</u>	<u>406,400,683</u>
Major products				
Computer, Communication & Consumer electronics	\$ 190,279,992	175,977,171	367,207,050	378,390,021
Others	<u>15,269,146</u>	<u>13,370,587</u>	<u>44,546,623</u>	<u>28,010,662</u>
	<u>\$ 205,549,138</u>	<u>189,347,758</u>	<u>411,753,673</u>	<u>406,400,683</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable	\$ 27,094	541,001	39,360
Accounts receivable	108,449,097	118,362,881	99,003,097
Accounts receivable - related parties	440,440	58,988	63,129
Less: loss allowance	(628,120)	(609,927)	(583,531)
Total	\$ 108,288,511	118,352,943	98,522,055
	June 30, 2019	December 31, 2018	June 30, 2018
Current contract liabilities- warranty	\$ 1,962,170	1,601,713	1,836,763
Current refund liability	\$ 5,912,874	4,917,958	3,705,161

For details on notes and accounts receivable and loss allowance, please refer to Note 6(d).

The amounts of revenue recognized for the six months ended June 30, 2019 and 2018 that were included in the contract liability balance at the beginning of the period were \$909,868 and \$841,956, respectively. The major change in the balance of contract liabilities is the difference between the time frame of the performance obligation to be satisfied and the payment to be received. There was no other significant changes during the period.

(v) Revenue and non-operating income and expenses

(i) Other income

The details of other income for the six months ended June 30, 2019 and 2018 were as follows:

	April to June, 2019	April to June, 2018	January to June, 2019	January to June, 2018
Interest income	\$ 507,636	242,872	1,056,826	517,529
Dividend income	549	9,361	61,147	14,638
Rental income	21,789	29,263	41,052	61,081
Total	\$ 529,974	281,496	1,159,025	593,248

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other gains and losses

The details of other gains and losses for the six months ended June 30, 2019 and 2018 were as follows:

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Foreign exchange gains (losses), net	\$ (88,885)	(943,137)	151,049	(348,379)
Gains on disposal of investment, net	3,724	20,377	185,598	99,367
Losses on disposal of property plant and equipment, net	(23,480)	(1,671)	(37,482)	(4,739)
Gains on financial assets (liabilities) at fair value through profit or loss	308,052	1,400,215	618,051	1,073,899
Other investment income (losses), net	(13,596)	(3,879)	(13,596)	95,753
Others	<u>63,156</u>	<u>21,452</u>	<u>146,548</u>	<u>156,301</u>
Total	<u>\$ 248,971</u>	<u>493,357</u>	<u>1,050,168</u>	<u>1,072,202</u>

(iii) Finance costs

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Interest expense	<u>\$ (1,285,717)</u>	<u>(1,091,189)</u>	<u>(2,579,291)</u>	<u>(2,062,014)</u>

(w) Employees' and directors' compensation

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

- (i) No less than 5% of profit as employees' compensation. The Company may distribute in the form of shares or in cash to the qualifications of employees, including the employees of subsidiaries of the Company, depends on certain specific requirements determined by the Board of Directors.
- (ii) No more than 1% of profit as the compensation in cash to the Directors.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company's estimate of employees' and directors' compensation were as follows:

	April to June, 2019	April to June, 2018	January to June, 2019	January to June, 2018
Employees' compensation	\$ 246,155	98,499	418,339	286,116
Directors' compensation	16,246	6,501	27,610	18,884
	<u>\$ 262,401</u>	<u>105,000</u>	<u>445,949</u>	<u>305,000</u>

The amounts are calculated by the net profit before tax excluding employees' and directors' compensation, of each period multiplied by the percentage of employees' and directors' compensation as specified in the Company's Article of Incorporation. The amounts are accounted for under cost of sales and operating expense in each period. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year. If the directors decide to distribute its employees' compensation in stock, the number of shares will be calculated by using the stock price on the day before the Board of Directors' meeting.

The Company accrued and recognized its employees' compensation of \$700,154 and \$711,308, and directors' compensation of \$46,210 and \$46,946, for the years ended December 31, 2018 and 2017, respectively. The compensation to employees was paid in cash and shares in 2018 and 2017, respectively. The numbers of shares distributed in 2017, was calculated basing on the closing price of the Company, one day before the date of the meeting of Board of Directors on April 27, 2018. Related information would be available at the Market Observation Post System website.

(x) Financial instruments

Except for the following disclosures, there were no significant change in the fair value and credit risk, liquidity risk and market risk which financial instruments were exposed to. Please refer to the Note 6(y) of the consolidated financial statements for the year ended December 31, 2018 for other related information.

(i) Credit risk – Concentrations at credit risk

As of June 30, 2019, December 31 and June 30, 2018, 66%, 65% and 63% of the Group's accounts receivable were all concentrated on 5, 5 and 4 specific customers, respectively. Accordingly, concentrations of credit risk exist.

For credit risk exposure of notes and accounts receivables, please refer to Note 6(d).

(ii) Liquidity risk

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

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
As of June 30, 2019					
Non-derivative financial liabilities					
Short-term loans	\$ 63,991,093	64,121,984	64,121,984	-	-
Notes and accounts payable (including related parties)	117,003,874	117,003,874	117,003,874	-	-
Other payables (including related parties)	30,786,968	30,786,968	30,786,968	-	-
Lease liabilities	1,653,038	1,706,135	644,285	1,013,170	48,680
Long-term loans	14,883,079	15,956,299	-	15,956,299	-
Subtotal	<u>228,318,052</u>	<u>229,575,260</u>	<u>212,557,111</u>	<u>16,969,469</u>	<u>48,680</u>
Derivative financial liabilities					
Foreign currency swap contracts:					
Outflow	131,659	13,430,475	13,430,475	-	-
Inflow	-	(13,298,816)	(13,298,816)	-	-
Carrying amount	<u>131,659</u>	<u>131,659</u>	<u>131,659</u>	<u>-</u>	<u>-</u>
Foreign currency forward contracts:					
Outflow	1,644	191,665	191,665	-	-
Inflow	-	(190,021)	(190,021)	-	-
Carrying amount	<u>1,644</u>	<u>1,644</u>	<u>1,644</u>	<u>-</u>	<u>-</u>
Subtotal	<u>133,303</u>	<u>133,303</u>	<u>133,303</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 228,451,355</u>	<u>229,708,563</u>	<u>212,690,414</u>	<u>16,969,469</u>	<u>48,680</u>
As of December 31, 2018					
Non-derivative financial liabilities					
Short-term loans	\$ 61,012,704	61,152,327	61,152,327	-	-
Notes and accounts payable (including related parties)	139,467,234	139,467,234	139,467,234	-	-
Other payables (including related parties)	24,490,416	24,490,416	24,490,416	-	-
Long-term loans	20,234,382	22,097,524	-	22,097,524	-
Subtotal	<u>245,204,736</u>	<u>247,207,501</u>	<u>225,109,977</u>	<u>22,097,524</u>	<u>-</u>
Derivative financial liabilities					
Foreign currency swap contracts:					
Outflow	63,029	25,626,977	25,626,977	-	-
Inflow	-	(25,563,948)	(25,563,948)	-	-
Carrying amount	<u>63,029</u>	<u>63,029</u>	<u>63,029</u>	<u>-</u>	<u>-</u>
Foreign currency forward contracts:					
Outflow	11,307	11,307	11,307	-	-
Carrying amount	<u>11,307</u>	<u>11,307</u>	<u>11,307</u>	<u>-</u>	<u>-</u>
Subtotal	<u>74,336</u>	<u>74,336</u>	<u>74,336</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 245,279,072</u>	<u>247,281,837</u>	<u>225,184,313</u>	<u>22,097,524</u>	<u>-</u>
As of June 30, 2018					
Non-derivative financial liabilities					
Short-term loans	\$ 67,062,886	67,187,519	67,187,519	-	-
Notes and accounts payable (including related parties)	105,923,509	105,923,509	105,923,509	-	-
Other payables (including related parties)	22,435,163	22,435,163	22,435,163	-	-
Long-term loans (including current portion)	20,231,884	21,853,535	3,871,808	17,981,727	-
Subtotal	<u>215,653,442</u>	<u>217,399,726</u>	<u>199,417,999</u>	<u>17,981,727</u>	<u>-</u>
Derivative financial liabilities					
Foreign currency swap contracts:					
Outflow	19,969	5,779,098	5,779,098	-	-
Inflow	-	(5,759,129)	(5,759,129)	-	-
Carrying amount	<u>19,969</u>	<u>19,969</u>	<u>19,969</u>	<u>-</u>	<u>-</u>
Foreign currency forward contracts:					
Outflow	9,916	427,431	427,431	-	-
Inflow	-	(417,515)	(417,515)	-	-
Carrying amount	<u>9,916</u>	<u>9,916</u>	<u>9,916</u>	<u>-</u>	<u>-</u>
Subtotal	<u>29,885</u>	<u>29,885</u>	<u>29,885</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 215,683,327</u>	<u>217,429,611</u>	<u>199,447,884</u>	<u>17,981,727</u>	<u>-</u>

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

(iii) Market risk

1) Currency risk

a) Exposure to currency risk

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

	June 30, 2019		
	Foreign currency (in thousands)	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	533 USD/BRL=	3.821	16,564
	136 USD/CLP=	683.000	4,229
	348 USD/COP=	3,231.600	10,824
	28,075 USD/CZK=	22.361	872,342
	644 USD/INR=	69.330	19,999
	12,617 USD/JPY=	107.820	392,040
	266 USD/MXN=	19.193	8,261
	2,506,275 USD/TWD=	31.072	77,874,983
	26,131 USD/CNY=	6.877	811,927
	104 USD/TRY=	5.764	3,241
CNY	106,878 CNY/TWD=	4.518	482,896
	2,602,287 CNY/USD=	0.145	11,757,654
<u>Non-monetary items</u>			
USD	41,472 USD/TWD=	31.072	1,288,616
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	10,354 USD/BRL=	3.821	321,725
	3,165 USD/CLP=	683.000	98,347
	3 USD/COP=	3,231.600	94
	28,877 USD/CZK=	22.361	897,269
	22,807 USD/INR=	69.330	708,648
	26 USD/JPY=	107.820	806
	8,354 USD/MXN=	19.193	259,583
	3,382,685 USD/TWD=	31.072	105,106,795
	38,475 USD/CNY=	6.877	1,195,493
CNY	8,352 CNY/TWD=	4.518	37,739
	2,175,681 CNY/USD=	0.145	9,830,161

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2018			
	Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	807 USD/BRL=	3.875	24,793
	396 USD/COP=	3,312.300	12,168
	83 USD/CLP=	698.200	2,550
	181 USD/INR=	69.890	5,573
	3,323 USD/JPY=	110.780	102,115
	2,434 USD/MXN=	19.712	74,797
	2,836,772 USD/TWD=	30.733	87,182,508
	46,609 USD/CNY=	6.867	1,432,446
CNY	314,979 CNY/TWD=	4.476	1,409,690
	996,470 CNY/USD=	0.146	4,459,698
<u>Non-monetary items</u>			
USD	39,150 USD/TWD=	30.733	1,203,209
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	371 USD/BRL=	3.875	11,394
	4,093 USD/CLP=	698.200	125,798
	993 USD/COP=	3,312.300	30,528
	3,895 USD/CZK=	22.542	119,693
	20,414 USD/INR=	69.890	627,398
	9,513 USD/MXN=	19.712	292,368
	4,685,725 USD/TWD=	30.733	144,006,379
	46,234 USD/CNY=	6.867	1,420,901
CNY	7,747 CNY/TWD=	4.476	34,671
	3,188,202 CNY/USD=	0.146	14,268,801

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 30, 2018				
<u>Financial assets</u>	<u>Foreign currency</u>	<u>Exchange rate</u>		<u>TWD</u>
	<u>(In thousands)</u>			
<u>Monetary items</u>				
USD	1,129	USD/BRL=	3.858	34,446
	237	USD/CLP=	648.200	7,240
	11	USD/COP=	2,949.950	342
	3,961	USD/INR=	67.390	120,802
	4,837	USD/JPY=	110.350	147,513
	2,231	USD/MXN=	19.691	68,031
	2,302,079	USD/TWD=	30.500	70,213,404
	23,776	USD/CNY=	6.605	725,170
CNY	8,876	CNY/TWD=	4.618	40,992
	848,672	CNY/USD=	0.151	3,919,255
<u>Non-monetary items</u>				
USD	40,793	USD/TWD=	30.500	1,244,195
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	5,239	USD/BRL=	3.858	159,800
	5,005	USD/CLP=	648.200	152,658
	1,101	USD/COP=	2,949.950	33,580
	33,807	USD/CZK=	22.273	1,031,120
	4	USD/HKD=	7.847	117
	16,076	USD/INR=	67.390	490,318
	55	USD/JPY=	110.350	1,676
	11,397	USD/MXN=	19.691	347,615
	3,454,088	USD/TWD=	30.500	105,349,692
	53,804	USD/CNY=	6.605	1,641,017
CNY	2,738,479	CNY/USD=	0.151	12,646,569

b) **Currency risk sensitivity analysis**

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

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WISTRON CORPORATION AND SUBSIDIARIES
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A Strengthening (weakening) 5 % of appreciation (depreciation) of the TWD against the USD and the CNY as of June 30, 2019 and 2018, would increase (decrease) the net profit after tax by \$1,048,068 and \$1,863,079, respectively. The analysis assumes that all other variables remain constant.

2) Interest analysis

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

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

If the interest rate increase/decrease by 25 basis points, the Group's net profit after tax would decrease/increase by \$172,217 and \$119,989 for the six months ended June 30, 2019 and 2018, with all other variable factors that remain constant. This is mainly due to the Group's borrowings in floating variable rate.

3) Other market price risk

For the six months ended June 30, 2019 and 2018, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Price of securities at reporting date	After-tax other comprehensive income	After-tax other comprehensive income
Increasing 3%	<u>\$ 106,742</u>	<u>96,667</u>
Decreasing 3%	<u>\$ (106,742)</u>	<u>(96,667)</u>

4) Fair value information

a) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

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	June 30, 2019				
	Carrying amount	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss					
Derivative financial assets	\$ 175,067	-	175,067	-	175,067
Money market fund	50,232	-	50,232	-	50,232
Subtotal	<u>\$ 225,299</u>	<u>-</u>	<u>225,299</u>	<u>-</u>	<u>225,299</u>
Non-current financial assets at fair value through profit or loss					
Convertible bonds	\$ 414,253	-	-	414,253	414,253
SAFE	16,596	-	-	16,596	16,596
Subtotal	<u>\$ 430,849</u>	<u>-</u>	<u>-</u>	<u>430,849</u>	<u>430,849</u>
Non-current financial assets at fair value through other comprehensive income					
Equity instruments	\$ 3,816,097	2,021,137	-	1,794,960	3,816,097
Account receivables	5,244,276	-	-	-	-
Subtotal	<u>\$ 9,060,373</u>	<u>2,021,137</u>	<u>-</u>	<u>1,794,960</u>	<u>3,816,097</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 49,489,068	-	-	-	-
Notes and accounts receivable (including related parties)	103,044,235	-	-	-	-
Other receivable (including related parties)	14,918,150	-	-	-	-
Subtotal	<u>\$ 167,451,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Refundable deposits	<u>\$ 293,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 133,303	-	133,303	-	133,303
Financial liabilities measured at amortized cost					
Short-term loans	\$ 63,991,093	-	-	-	-
Notes and accounts payable (including related parties)	117,003,874	-	-	-	-
Other payables (including related parties)	30,786,968	-	-	-	-
Lease liabilities	1,653,038	-	-	-	-
Long-term loans	14,883,079	-	-	-	-
Subtotal	<u>\$ 228,318,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2018				
	Carrying amount	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss					
Derivative financial assets	\$ 17,650	-	17,650	-	17,650
Money market fund	50,105	-	50,105	-	50,105
Subtotal	<u>\$ 67,755</u>	<u>-</u>	<u>67,755</u>	<u>-</u>	<u>67,755</u>
Non-current financial assets at fair value through profit or loss					
Convertible bonds	\$ 425,043	-	-	425,043	425,043
SAFE	13,828	-	-	13,828	13,828
Subtotal	<u>\$ 438,871</u>	<u>-</u>	<u>-</u>	<u>438,871</u>	<u>438,871</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2018				
	Carrying amount	Level 1	Level 2	Level 3	Total
Non-current financial assets at fair value through other comprehensive income					
Equity instruments	\$ 3,219,465	1,538,374	-	1,681,091	3,219,465
Account receivables	9,677,107	-	-	-	-
Subtotal	<u>\$ 12,896,572</u>	<u>1,538,374</u>	<u>-</u>	<u>1,681,091</u>	<u>3,219,465</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 43,529,023	-	-	-	-
Notes and accounts receivable (including related parties)	108,675,836	-	-	-	-
Other receivable (including related parties)	12,083,817	-	-	-	-
Subtotal	<u>\$ 164,288,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Refundable deposits	<u>\$ 266,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 74,336</u>	<u>-</u>	<u>74,336</u>	<u>-</u>	<u>74,336</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 61,012,704	-	-	-	-
Notes and accounts payable (including related parties)	139,467,234	-	-	-	-
Other payables (including related parties)	24,490,416	-	-	-	-
Long-term loans	20,234,382	-	-	-	-
Subtotal	<u>\$ 245,204,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	June 30, 2018				
	Carrying amount	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss					
Derivative financial assets	\$ 654,206	-	654,206	-	654,206
Structured deposits	69,271	-	-	69,271	69,271
Money market fund	409,298	-	409,298	-	409,298
Subtotal	<u>\$ 1,132,775</u>	<u>-</u>	<u>1,063,504</u>	<u>69,271</u>	<u>1,132,775</u>
Non-current financial assets at fair value through profit or loss					
Convertible bonds	\$ 440,003	-	-	440,003	440,003
SAFE	68,780	-	-	68,780	68,780
Subtotal	<u>\$ 508,783</u>	<u>-</u>	<u>-</u>	<u>508,783</u>	<u>508,783</u>
Non-current financial assets at fair value through other comprehensive income					
Equity instruments	\$ 3,496,158	1,806,131	-	1,690,027	3,496,158
Account receivables	16,723,535	-	-	-	-
Subtotal	<u>\$ 20,219,693</u>	<u>1,806,131</u>	<u>-</u>	<u>1,690,027</u>	<u>3,496,158</u>

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	June 30, 2018				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 36,458,841	-	-	-	-
Notes and accounts receivable (including related parties)	81,798,520	-	-	-	-
Other receivable (including related parties)	10,385,565	-	-	-	-
Subtotal	<u>\$ 128,642,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Refundable deposits	<u>\$ 307,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 29,885</u>	<u>-</u>	<u>29,885</u>	<u>-</u>	<u>29,885</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 67,062,886	-	-	-	-
Notes and accounts payable (including related parties)	105,923,509	-	-	-	-
Other payables (including related parties)	22,435,163	-	-	-	-
Long-term loans (including current portion)	20,231,884	-	-	-	-
Subtotal	<u>\$ 215,653,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

b) Valuation techniques for financial instruments measured at fair value

i) Non-derivative financial instruments

The fair value of financial instruments which traded in an active market is based on the quoted market price. The quotation announced by the stock exchange center or exchange center of central government bond, might be regarded as the fair value of the listed equity securities and debt instruments which is traded in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The listed stock is traded in the active market and its fair value is based on the quoted market price accordingly.

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Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or the market transaction prices of the similar companies or other valuation techniques, including models, is calculated based on available market data at the reporting date.

The financial instrument of the Group is not traded in an active market, its fair value is determined as follows: The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

ii) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

Fair value of forward currency is usually determined by the forward currency exchange rate.

c) Transfer from Level 1 to Level 2: None

d) Changes between Level 3

The movement in the reconciliation of Level 3 fair values during the six months ended June 30, 2019 and 2018 were as follows:

	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	
	<u>Non-derivative financial assets mandatorily measured at fair value through profit or loss</u>	<u>Unquoted equity instruments</u>	<u>Total</u>
January 1, 2019	\$ 438,871	1,681,091	2,119,962
Total gains and losses recognized			
In profit or loss	(149,677)	-	(149,677)
In other comprehensive income	-	(2,813)	(2,813)
Purchased	14,877,789	145,701	15,023,490
Disposal and return of capital	(14,736,134)	(14,139)	(14,750,273)
Effect of tax	-	(15,404)	(15,404)
Effect of exchange rate changes	-	524	524
June 30, 2019	<u>\$ 430,849</u>	<u>1,794,960</u>	<u>2,225,809</u>

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WISTRON CORPORATION AND SUBSIDIARIES
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	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	
	<u>Non-derivative financial assets mandatorily measured at fair value through profit or loss</u>	<u>Unquoted equity instruments</u>	<u>Total</u>
January 1, 2018	\$ 816,016	1,413,934	2,229,950
Total gains and losses recognized			
In profit or loss	(31,693)	-	(31,693)
In other comprehensive income	-	37,449	37,449
Purchased	3,799,035	306,678	4,105,713
Disposal and return of capital	(4,007,900)	(79,799)	(4,087,699)
Effect of tax	-	9,529	9,529
Effect of exchange rate changes	2,596	2,236	4,832
June 30, 2018	<u>\$ 578,054</u>	<u>1,690,027</u>	<u>2,268,081</u>

For the six months ended June 30, 2019 and 2018, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets measured at fair value through other comprehensive income” were as follows:

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Total gains and losses recognized:				
In profit or loss, and presented in “other gains and losses”	\$ (53,768)	(7,735)	(149,677)	(31,693)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets measured at fair value through other comprehensive income”	(1,096)	72,220	(2,813)	37,449
	<u>\$ (54,864)</u>	<u>64,485</u>	<u>(152,490)</u>	<u>5,756</u>

- e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – debt investments” and “financial assets measured at fair value through other comprehensive income – equity investments”.

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WISTRON CORPORATION AND SUBSIDIARIES
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Most of the fair value measurements categorized within Level 3 use the single and significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity investments are independent from each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs were as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through profit or loss – SAFE and convertible bonds	Binary tree model	·EV/Revenue (as of June 30, 2019, were 1.34~ 2.27, as of December 31, 2018, were 1.13~2.72, and as of June 30, 2018, were 2.08~9.13)	·The estimated fair value would increase if the multiplier was higher
	Black-Scholes Option Pricing Model	·Volatility (as of June 30, 2019, was 47.16%)	·The estimated fair value would increase if the volatility was higher
Financial assets measured at fair value through other comprehensive income – equity investments without an active market	Comparable listed companies approach – equity method	·Price – book ratio (as of June 30, 2019 were 0.27~7.49, as of December 31, 2018, were 0.02~4.8, and as of June 30, 2018, were 0.86~7.26)	·The estimated fair value would increase if the multiplier was higher
		·Market liquidity discount rate (as of June 30, 2019, December 31 and June 30, 2018, were 20%)	·The estimated fair value would decrease if market liquidity discount rate was higher
	Net asset value method	·Net asset value	Not applicable

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- f) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions.

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Inputs	Increase or decrease	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
June 30, 2019						
Financial assets measured at fair value through profit or loss	EV/ Revenue	5%	\$ 14,275	(14,275)	-	-
	Volatility	5%	7,268	(7,268)	-	-
Financial assets at fair value through other comprehensive income	Price book ratio	5%	-	-	25,931	(25,931)
	Market liquidity discount rate	5%	-	-	25,931	(25,931)
	Net asset value method	5%	-	-	63,817	(63,817)
December 31, 2018						
Financial assets measured at fair value through profit or loss	EV/ Revenue	5%	19,830	(19,830)	-	-
Financial assets at fair value through other comprehensive income	Price book ratio	5%	-	-	25,791	(25,791)
	Market liquidity discount rate	5%	-	-	25,791	(25,791)
	Net asset value method	5%	-	-	58,264	(58,264)
June 30, 2018						
Financial assets measured at fair value through profit or loss	EV/ Revenue	5%	25,439	(25,439)	-	-
Financial assets at fair value through other comprehensive income	Price book ratio	5%	-	-	43,104	(43,104)
	Market liquidity discount rate	5%	-	-	43,104	(43,104)
	Net asset value method	5%	-	-	41,397	(41,397)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Offsetting financial assets and financial liabilities

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

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

June 30, 2019						
Financial assets that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other non-current assets	USD	17,679,028	17,679,028	-	-	-
	CNY	3,527,458	3,527,458	-	-	-

June 30, 2019						
Financial liabilities that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term loans	USD	17,679,028	17,679,028	-	-	-
	CNY	3,527,458	3,527,458	-	-	-

December 31, 2018						
Financial assets that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other non-current assets	USD	17,302,924	17,302,924	-	-	-
	CNY	854,000	854,000	-	-	-

December 31, 2018						
Financial liabilities that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term loans	USD	17,302,924	17,302,924	-	-	-
	CNY	854,000	854,000	-	-	-

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June 30, 2018						
Financial assets that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other non-current assets	USD	25,473,026	25,473,026	-	-	-
	CNY	3,603,990	3,603,990	-	-	-
	CAD	32,164	32,164	-	-	-

June 30, 2018						
Financial liabilities that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term loans	USD	25,473,026	25,473,026	-	-	-
	CNY	3,603,990	3,603,990	-	-	-
	CAD	32,164	32,164	-	-	-

(y) Financial risk management

There are no significant changes in the objectives and policies concerning the financial risks that the Group was exposed to. Please refer to Note 6(z) of the consolidated financial statements for the year ended December 31, 2018 for related information.

(z) Capital management

The Group's approaches to the targets, policies and procedures in capital management were the same as those disclosed in the consolidated financial statements for the year ended December 31, 2018. Please refer to the Note 6(aa) of the consolidated financial statements for the year ended December 31, 2018, and for other related information. As of June 30, 2019, the Group's capital management strategy is consistent with the prior year.

(aa) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the six months ended June 30, 2019 and 2018, were as follows:

	January 1, 2019	Cash flows	Non-cash changes			June 30, 2019
			Interest Expense	Foreign exchange movement	Others	
Short-term loans	\$ 61,012,704	2,252,921	-	725,468	-	63,991,093
Long-term loans	20,234,382	(5,569,786)	-	218,483	-	14,883,079
Lease liabilities	1,698,090	(448,977)	22,559	98,089	283,277	1,653,038
Guarantee deposits	1,077,704	(39,630)	-	3,431	-	1,041,505
Total liabilities from financing activities	<u>\$ 84,022,880</u>	<u>(3,805,472)</u>	<u>22,559</u>	<u>1,045,471</u>	<u>283,277</u>	<u>81,568,715</u>

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Notes to the Consolidated Financial Statements

	January 1, 2018	Cash flows	Non-cash changes Foreign exchange movement	June 30, 2018
Short-term loans	\$ 82,594,681	(16,843,069)	1,311,274	67,062,886
Long-term loans	8,867,276	10,873,572	491,036	20,231,884
Guarantee deposits	746,614	176,903	14,120	937,637
Total liabilities from financing activities	<u>\$ 92,208,571</u>	<u>(5,792,594)</u>	<u>1,816,430</u>	<u>88,232,407</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Names of the related parties	Relationship
T-CONN PRECISION(Zhongshan) CORPORATION (TZS)	Associate
T-CONN PRECISION CORPORATION (TPE)	Associate
HSIEH-YUH TECHNOLOGY CO., LTD. (HYBVI)	Associate
HSIEH-YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. (HYZS)	Associate
Join-Link International Technology Co. Ltd. (JLH)	Associate
ICA Inc. (CQIC)	Associate
Maya International Company, Ltd. (MAYA)	Associate
WNC (Kunshan) Corporation (NQJ)	Associate
Webcom Communication (Kunshan) Corporation (NYC)	Associate
Wistron Neweb (Kunshan) Corporation (NQX)	Associate
Wistron NeWeb Corporation (WNC)	Associate
Fullerton Ltd. (FLT)	Associate
FREE Bionics Taiwan Inc. (FBTW)	Associate
WIS PRECISION (TAIZHOU) CO., LTD. (WPTZ)	Associate
WIBASE INDUSTRIAL SOLUTIONS INC. (WIS)	Associate
Wistron Information Technology and Services Corporation (WITS)	Associate
XTRONICS (Nanjing) Automotive Intelligent Technologies Co., Ltd (XTRNA)	Associate
HIGH-TEK ENTERPRISE (KUNSHAN) CO., LTD. (HTKS)	Associate
High-Tek Harness Enterprise (Chongqing) Co.,Ltd. (HTCQ)	Associate
HIGH-TEK HARNESS ENTERPRISE CO.,LTD (HTK)	Associate
LIAN-YI PRECISION (ZHONGSHAN) INC. (LYZ)	Associate
Formosa Prosonic Industries Berhad (FPI)	Associate
Free Bionics Japan Inc. (FBJP)	Associate
Optiemus Electronics Limited (OPEL)	Associate
Smartiply, Inc (SMTP)	Associate
Wistron Information Technology and Services Inc. (WIBI)	Associate

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<u>Names of the related parties</u>	<u>Relationship</u>
Wistron Information Technology and Services Limited (WIHK)	Associate
WISTRON HUMANITIES FOUNDATION	Other related party

(b) Related party transactions

(i) Sales

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

	<u>Sales</u>			
	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Associates				
FPI	\$ 263,937	-	394,505	-
WIS	39,964	6,714	61,597	13,067
LYZ	9,692	13,954	17,683	22,200
WNC	17,893	18,216	21,180	18,482
FBTW	2,508	8,555	4,178	10,665
Others	18,855	618	25,847	5,774
	<u>\$ 352,849</u>	<u>48,057</u>	<u>524,990</u>	<u>70,188</u>

	<u>Receivables from related parties</u>		
	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Associates			
FPI	\$ 336,616	1,428	-
LYZ	15,646	26,708	23,656
OPEL	7,350	7,270	7,215
WIS	33,499	8,844	4,958
FBTW	2,508	6,331	3,554
WNC	18,738	2,072	18,917
Others	26,083	6,335	4,829
	<u>\$ 440,440</u>	<u>58,988</u>	<u>63,129</u>

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

(ii) Purchases

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

	Purchases			
	April to June, 2019	April to June, 2018	January to June, 2019	January to June, 2018
Associates				
FPI	\$ 428,061	-	524,666	-
WNC	101,064	65,344	193,198	125,897
HTK	107,030	129,271	185,918	239,232
LYZ	94,179	106,992	167,429	211,811
TPE	119,649	120,958	226,015	220,575
HYZS	51,859	64,979	100,701	125,758
Others	138,619	112,312	236,410	193,674
	\$ 1,040,461	599,856	1,634,337	1,116,947

	Payables to related parties		
	June 30, 2019	December 31, 2018	June 30, 2018
Associates			
FPI	\$ 232,516	-	-
HTK	160,550	202,493	208,175
LYZ	159,500	247,587	193,438
TPE	152,417	173,832	145,801
WNC	127,581	150,408	85,742
Others	244,246	303,688	228,182
	\$ 1,076,810	1,078,008	861,338

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

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

		Amount			
		April to June, 2019	April to June, 2018	January to June, 2019	January to June, 2018
Rental Income					
Associates					
NQX	\$	501	512	1,002	1,018
NQJ		501	512	1,002	1,018
Others		85	86	172	172
	\$	1,087	1,110	2,176	2,208

		Other receivables from related parties		
		June 30, 2019	December 31, 2018	June 30, 2018
Rental Income				
Associates				
NQX	\$	347	515	526
NQJ		347	171	175
	\$	694	686	701

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

		Amount			
		April to June, 2019	April to June, 2018	January to June, 2019	January to June, 2018
Property transactions					
Associate					
LYZ	\$	7,991	345	22,534	4,557
Others		502	-	502	-
	\$	8,493	345	23,036	4,557

Contribution					
Other related party	\$	3,375	1,921	12,475	4,171
		3,375	1,921	12,475	4,171

		Other payables to related parties		
		June 30, 2019	December 31, 2018	June 30, 2018
Property transactions				
Associate				
LYZ	\$	13,515	19,160	-
		13,515	19,160	-

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- (v) In January 2019, the Group leases factories from WNC. The leases typically run for the period of 2 years. The amount of right-of-use assets and lease liabilities recognized at the beginning were \$168,400, respectively. The amount of interest expense recognized for the six months ended June 30, 2019 was \$812. As of June 30, 2019, lease liabilities recognized was \$159,930.
- (vi) Advances to related parties

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

	Other receivables from related parties		
	June 30, 2019	December 31, 2018	June 30, 2018
Associates			
JLH	\$ 655	643	655
WNC	1,201	1,043	1,512
WIS	360	315	-
Others	125	158	31
	<u>\$ 2,341</u>	<u>2,159</u>	<u>2,198</u>

- (vii) Advances from related parties

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

	Other payables to related parties		
	June 30, 2019	December 31, 2018	June 30, 2018
Associates			
LYZ	\$ 4,753	5,759	-
WITS	16,584	8,798	3,995
Others	3,742	2,573	350
	<u>\$ 25,079</u>	<u>17,130</u>	<u>4,345</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Other receivable - related parties:			
Rental receivable	\$ 694	686	701
Other receivables	2,341	2,159	2,198
	<u>\$ 3,035</u>	<u>2,845</u>	<u>2,899</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Other payables - related parties:			
Payable for acquisition of property, plant and equipment	\$ 13,515	19,160	-
Others payable	<u>25,079</u>	<u>17,130</u>	<u>4,345</u>
	<u>\$ 38,594</u>	<u>36,290</u>	<u>4,345</u>

(c) Transactions with key management personnel

Key management personnel compensation:

	<u>April to June, 2019</u>	<u>April to June, 2018</u>	<u>January to June, 2019</u>	<u>January to June, 2018</u>
Short-term employee benefits	\$ 20,239	14,753	38,324	30,127
Post-employment benefits	<u>441</u>	<u>298</u>	<u>972</u>	<u>597</u>
	<u>\$ 20,680</u>	<u>15,051</u>	<u>39,296</u>	<u>30,724</u>

(8) Pledged assets:

The carrying values of pledged assets are as follow:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Other non-current assets - restricted deposits	Bank loan guarantee	\$ 156,860	155,155	152,500
Other non-current assets - restricted deposit	Custom guarantee	6,214	6,147	9,100
Other non-current assets - restricted deposit	Stand by L/C	1,988	9,567	9,589
Other non-current assets - restricted deposits	Litigation, and performance guarantee	<u>1,960</u>	<u>1,585</u>	<u>1,575</u>
		<u>\$ 167,022</u>	<u>172,454</u>	<u>172,764</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

(a) As of June 30, 2019, December 31 and June 30, 2018, the unused letters of credit were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Unused letters of credit	\$ 188,031	79,067	401,091

(b) Major litigation

Qualcomm Inc. filed a patent infringement lawsuit against the Company and other three ODM companies in the United States District Court - Southern District of California on May 17, 2017. The above three ODM companies and the Company also filed a counterclaim against Qualcomm Inc. on July 19, 2017. Both parties have reached a settlement and agreed to drop the lawsuits on April 16, 2019; therefore, there were no material impact on the Company's operation.

(c) Contingencies

Alacritech Inc. filed a patent infringement complaint against the Group in the United States District Court - East District of Texas in June 2016. The Group had appointed an attorney to deal with the matter. The litigation is still in progress and a decision has yet to be made by the US Patent trial and Appeal Board.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

On August 12, 2019, the Company's Board of Directors resolved to retire the treasury shares of the first batch repurchased in 2016, and determine the date of capital decrease. For further information, please refer to the Market Observation Post System.

(12) Other

(a) Total personnel, depreciation and amortization expenses categorized by function were as follows:

	April to June, 2019			April to June, 2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	4,254,648	3,382,375	7,637,023	4,248,243	2,836,564	7,084,807
Labor and health insurance	541,262	259,340	800,602	503,921	255,150	759,071
Pension	29,590	109,345	138,935	22,627	103,595	126,222
Remuneration of directors	-	20,296	20,296	-	8,521	8,521
Others	408,453	248,710	657,163	455,611	246,485	702,096
Depreciation	2,245,909	234,906	2,480,815	1,627,629	159,961	1,787,590
Amortization	3,099	69,346	72,445	2,173	53,251	55,424

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January to June, 2019			January to June, 2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	9,010,255	6,401,411	15,411,666	8,664,039	5,503,222	14,167,261
Labor and health insurance	1,049,026	549,928	1,598,954	1,034,385	523,361	1,557,746
Pension	57,848	217,302	275,150	44,554	205,937	250,491
Remuneration of directors	-	35,590	35,590	-	22,934	22,934
Others	1,179,886	498,473	1,678,359	992,481	511,493	1,503,974
Depreciation	4,456,454	441,322	4,897,776	3,319,100	343,403	3,662,503
Amortization	6,041	141,259	147,300	4,399	125,452	129,851

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2019:

- (i) Financings provided: Please see Table 1 attached.
- (ii) Guarantee and Endorsement provided: Please see Table 2 attached.
- (iii) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 3 attached.
- (iv) Accumulated buying/selling of the same marketable securities for which the dollar amount at least \$300 million or 20% of paid-in capital : Please see Table 4 attached.
- (v) Acquisition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital : None.
- (vi) Disposition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital : None.
- (vii) Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital : Please see Table 5 attached.
- (viii) Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital : Please see Table 6 attached.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(x) Business relationships and significant inter-company transactions : Please see Table 7 attached.

(b) Information on investees:

The followings are the information on investees for the six months ended June 30, 2019: Please see Table 8 attached.

(c) Information on investment in Mainland China : Please see Table 9 attached.

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

	April to June, 2019			
	R&D and Manufacturing	Others	Eliminations	Total
Revenue:				
Revenues from external customers	\$ 190,279,992	15,269,146	-	205,549,138
Segment revenues	<u>811,350</u>	<u>159,362</u>	<u>(970,712)</u>	<u>-</u>
Total revenues	<u>\$ 191,091,342</u>	<u>15,428,508</u>	<u>(970,712)</u>	<u>205,549,138</u>
Segment profit	<u>\$ 3,101,357</u>	<u>45,525</u>	<u>(424,891)</u>	<u>2,721,991</u>
	April to June, 2018			
	R&D and Manufacturing	Others	Eliminations	Total
Revenues from external customers	\$ 175,977,171	13,370,587	-	189,347,758
Segment revenues	<u>672,045</u>	<u>510,558</u>	<u>(1,182,603)</u>	<u>-</u>
Total revenues	<u>\$ 176,649,216</u>	<u>13,881,145</u>	<u>(1,182,603)</u>	<u>189,347,758</u>
Segment profit	<u>\$ 1,260,645</u>	<u>859,144</u>	<u>(263,500)</u>	<u>1,856,289</u>
	January to June, 2019			
	R&D and Manufacturing	Others	Eliminations	Total
Revenues from external customers	\$ 367,207,050	44,546,623	-	411,753,673
Segment revenues	<u>1,745,373</u>	<u>277,360</u>	<u>(2,022,733)</u>	<u>-</u>
Total revenues	<u>\$ 368,952,423</u>	<u>44,823,983</u>	<u>(2,022,733)</u>	<u>411,753,673</u>
Segment profit	<u>\$ 5,108,118</u>	<u>(135,115)</u>	<u>(240,792)</u>	<u>4,732,211</u>
	January to June, 2018			
	R&D and Manufacturing	Others	Eliminations	Total
Revenue:				
Revenues from external customers	\$ 378,390,021	28,010,662	-	406,400,683
Segment revenues	<u>1,634,222</u>	<u>940,149</u>	<u>(2,574,371)</u>	<u>-</u>
Total revenues	<u>\$ 380,024,243</u>	<u>28,950,811</u>	<u>(2,574,371)</u>	<u>406,400,683</u>
Segment profit	<u>\$ 3,205,740</u>	<u>769,817</u>	<u>(301,177)</u>	<u>3,674,380</u>

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 1 Financing to other parties
(June 30, 2019)

(TWD : expressed in thousands)

No.	Financing Company	Counter - party	Financial Statement Account	Related party	Maximum Balance for the Period	Ending balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction amounts	Reasons for short - term financing	Allowance for bad debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Notes
													Item	Value			
0	The Company	WMI	Other receivables	Yes	1,398,240	1,398,240	-	2.50%-5.00%	2	-	Operating Capital	-	-	-	7,001,188	35,005,941	(Note1、Note3、Note4 & Note14)
1	WAKS	WOSH	Other receivables	Yes	158,060	155,360	90,364	4.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note5 & Note14)
1	WAKS	WTZ	Other receivables	Yes	4,109,560	4,039,360	3,107,200	2.00%-3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note5 & Note14)
1	WAKS	WGKS	Other receivables	Yes	1,100,098	1,081,306	615,226	2.00%-3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note5 & Note14)
1	WAKS	WRKS	Other receivables	Yes	122,392	-	-	4.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note5 & Note14)
2	WCQ	WTZ	Other receivables	Yes	3,161,200	3,107,200	3,107,200	3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note6 & Note14)
2	WCQ	WMCQ	Other receivables	Yes	154,525	106,029	106,004	3.00%-4.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note6 & Note14)
2	WCQ	WSCQ	Other receivables	Yes	948,360	932,160	-	2.00%-3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note6 & Note14)
3	AHH	WETW	Other receivables	Yes	189,672	186,432	170,896	2.00%-3.00%	2	-	Operating Capital	-	-	-	518,075	2,072,302	(Note7 & Note14)
3	AHH	WSPH	Other receivables	Yes	553,210	543,759	543,759	3.00%	2	-	Operating Capital	-	-	-	5,180,755	5,180,755	(Note7 & Note14)
4	WCH	WTS	Other receivables	Yes	9,484	9,322	9,322	3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note8 & Note14)
4	WCH	WGTX	Other receivables	Yes	379,344	372,864	372,864	3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note8 & Note14)
5	Win Smart	COWIN	Other receivables	Yes	3,254,455	-	-	3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note9 & Note14)
6	WCHK	COWIN	Other receivables	Yes	116,964	114,966	114,966	3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note10 & Note14)
7	WHHK	COWIN	Other receivables	Yes	221,284	217,504	217,504	3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note11 & Note14)
8	WVS	COWIN	Other receivables	Yes	67,966	-	-	3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note12 & Note14)
9	WHK	COWIN	Other receivables	Yes	63,224	62,144	62,144	3.00%	2	-	Operating Capital	-	-	-	70,011,882	70,011,882	(Note13 & Note14)

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

(Note 2) Financing purposes :

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

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

Individual funding loan limit vary according to the following circumstances:

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

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

(Note 5) Subsidiary - WAKS

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

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

(Note 6) Subsidiary - WCQ

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

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

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(Note 7) Subsidiary - AIHH

- (1) The total amount available for financing purposes shall not exceed 40% of AIHH's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed AIHH's net worth, which was audited or reviewed by Certified Public Accountant.
- (2) For entities with short - term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of AIHH. However, to the subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed AIHH's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 8) Subsidiary - WCH

- (1) The total amount available for financing purposes shall not exceed 40% of WCH's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed WCH's net worth, which was audited or reviewed by Certified Public Accountant.
- (2) For entities with short - term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WCH. However, to the subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed WCH's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 9) Subsidiary - Win Smart

- (1) The total amount available for financing purposes shall not exceed 40% of Win Smart's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.
- (2) For entities with short - term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of Win Smart. However, to the subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 10) Subsidiary - WCHK

- (1) The total amount available for financing purposes shall not exceed 40% of WCHK's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.
- (2) For entities with short - term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WCHK. However, to the subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 11) Subsidiary - WHHK

- (1) The total amount available for financing purposes shall not exceed 40% of WHHK's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.
- (2) For entities with short - term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WHHK. However, to the subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 12) Subsidiary - WVS

- (1) The total amount available for financing purposes shall not exceed 40% of WVS's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.
- (2) For entities with short - term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WVS. However, to the subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 13) Subsidiary - WHK

- (1) The total amount available for financing purposes shall not exceed 40% of WHK's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.
- (2) For entities with short - term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WHK. However, to the subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 14) The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties
(June 30, 2019)

(TWD : expressed in thousands)

No.	Endorsement/ Guarantee Provider	Counter - party of guarantee and endorsement		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2&4&9)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 1&3&9)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Notes
		Name	Relationship with the company (Note 10)											
0	The Company	WJP	2	21,003,564	1,045,800	1,037,520	720,500	-	1.48%	70,011,882	Y	N	N	(Note 11)
0	The Company	Cowin (Note 5)	2	21,003,564	23,709	23,304	23,304	-	0.03%	70,011,882	Y	N	N	(Note 11)
0	The Company	WZS shared with WAKS and WEKS (Note 5)	2	21,003,564	71,127	69,912	69,912	-	0.10%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WCCZ	2	21,003,564	510,844	510,578	510,578	-	0.73%	70,011,882	Y	N	N	(Note 11)
0	The Company	WOK	2	21,003,564	316,120	310,720	310,720	-	0.44%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WSKS	2	21,003,564	316,120	310,720	310,720	-	0.44%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WBR	2	21,003,564	885,136	870,016	870,016	-	1.24%	70,011,882	Y	N	N	(Note 11)
0	The Company	WIN	2	21,003,564	2,244,452	2,206,112	1,413,776	-	3.15%	70,011,882	Y	N	N	(Note 11)
0	The Company	WSSG	2	21,003,564	6,606,908	6,494,048	6,494,048	-	9.28%	70,011,882	Y	N	N	(Note 11)
0	The Company	WTX	2	21,003,564	2,054,780	2,019,680	2,019,680	-	2.88%	70,011,882	Y	N	N	(Note 11)
0	The Company	WGTX	2	21,003,564	648,046	636,976	636,976	-	0.91%	70,011,882	Y	N	N	(Note 11)
0	The Company	WTZ	2	21,003,564	2,738,288	2,601,492	1,980,052	-	3.72%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WSMX	2	21,003,564	474,180	466,080	466,080	-	0.67%	70,011,882	Y	N	N	(Note 11)
0	The Company	WGKS	2	21,003,564	474,180	466,080	310,720	-	0.67%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WCCZ shared with WSCZ (Note 6)	2	21,003,564	6,719,442	6,629,552	5,002,592	-	9.47%	70,011,882	Y	N	N	(Note 11)
0	The Company	WSCO	2	21,003,564	126,448	124,288	124,288	-	0.18%	70,011,882	Y	N	N	(Note 11)
0	The Company	WMKS	2	21,003,564	632,240	621,440	621,440	-	0.89%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WMKS shared with WTZ and WGKS (Note 7)	2	21,003,564	632,240	621,440	621,440	-	0.89%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WTR	2	21,003,564	31,612	31,072	31,072	-	0.04%	70,011,882	Y	N	N	(Note 11)
0	The Company	WOK shared with WTZ and WSKS	2	21,003,564	1,106,420	1,087,520	1,087,520	-	1.55%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WTZ shared with WGKS and WSKS	2	21,003,564	316,120	310,720	310,720	-	0.44%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WMY shared with WEMY and WSMY	2	21,003,564	158,060	155,360	155,360	-	0.22%	70,011,882	Y	N	N	(Note 11)
0	The Company	WCH	2	21,003,564	39,515	38,840	38,840	-	0.06%	70,011,882	Y	N	N	(Note 11)
0	The Company	AGI	2	21,003,564	202,000	202,000	202,000	-	0.29%	70,011,882	Y	N	N	(Note 11)
0	The Company	WSCJ	2	21,003,564	189,672	186,432	186,432	-	0.27%	70,011,882	Y	N	N	(Note 11)
0	The Company	WSCQ	2	21,003,564	1,959,944	1,926,464	310,720	-	2.75%	70,011,882	Y	N	Y	(Note 11)
0	The Company	ANC	2	21,003,564	158,060	155,360	155,360	-	0.22%	70,011,882	Y	N	N	(Note 11)
0	The Company	WCHQ	2	21,003,564	60,000	60,000	60,000	-	0.09%	70,011,882	Y	N	N	(Note 11)
0	The Company	WMH	2	21,003,564	430,775	231,072	-	-	0.33%	70,011,882	Y	N	N	(Note 11)
0	The Company	WSCQ shared with WMCQ	2	21,003,564	474,180	466,080	466,080	-	0.67%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WMI shared with WIN	2	21,003,564	632,240	621,440	-	-	0.89%	70,011,882	Y	N	N	(Note 11)
0	The Company	Cowin shared with WSPH, WCCZ, WMX and WITX (Note 8)	2	21,003,564	2,634,333	2,589,333	2,589,333	-	3.70%	70,011,882	Y	N	N	(Note 11)
0	The Company	WAKS shared with WEKS, WCD and WCQ (Note 8)	2	21,003,564	2,107,467	2,071,467	2,071,467	-	2.96%	70,011,882	Y	N	Y	(Note 11)
0	The Company	WLB	2	21,003,564	200,000	200,000	200,000	-	0.29%	70,011,882	Y	N	N	(Note 11)
0	The Company	WCL	2	21,003,564	600,000	600,000	600,000	-	0.86%	70,011,882	Y	N	N	(Note 11)
0	The Company	WMI	2	21,003,564	316,120	310,720	-	-	0.44%	70,011,882	Y	N	N	(Note 11)
1	WYHQ	WYKS	2	5,125,347	158,060	155,360	-	-	0.91%	8,542,246	Y	N	Y	(Note 11)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

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

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

(Note 6) The credit lines shared by WCCZ and WSCZ amounted to USD 161,000,000, while the maximum credit line for WSCZ was USD 300,000.

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

(Note 8) The credit line shared by Cowin, WSPH, WCCZ, WMX, WITX, WYHQ, WYUDE, WAKS, WEKS, WCD and WCQ amounted to USD 150,000,000.

(Note 9) WYHQ (the operation procedure for guarantees and endorsements)

1. The total amount for guarantees and endorsements provided by WYHQ to other entities shall not exceed 50% of WYHQ's net worth, which was audited by Certified Public Accountant.

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

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

4. The total amount of guarantees and endorsements provided by WYHQ and its subsidiaries to any individual entity shall not exceed 30% net worth, which was audited by Certified Public Accountant, of WYHQ.

(Note 10) Relationship with the Company:

1. Ordinary business relationship.

2. Subsidiary which owned more than 50% by the guarantor.

3. An investee owned more than 50% in total by both the guarantor and its subsidiary.

4. An investee owned more than 90% by the guarantor or its subsidiary.

5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.

6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer Protection Act for each other.

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

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 3 Market Securities Held (excluding investment in subsidiaries, associates and joint ventures)
(June 30, 2019)

(TWD : expressed in thousands)

Held Company Name	Marketable Securities Type and Name		Relationship with the company	Financial Statement Account	June 30, 2019				Notes
					Number of shares	Book value	Percentage of Ownership	Fair Value	
The company	Funbon Chi - Hsiang Fund	Fund	-	Current financial assets at fair value through profit or loss	3,199	50,232	-	50,232	-
The company	Alpha Networks Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	19,448	386,039	3.58%	386,039	-
The company	Gamania Digital Entertainment Co., Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	1,126	74,345	0.64%	74,345	-
The company	Super Dragon Technology Co., Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	5,676	127,994	5.50%	127,994	-
The company	Global Lighting Technologies Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	20,914	951,607	15.97%	951,607	-
The company	ARBOR Technology Corp.	Stock	-	Non-current financial assets at fair value through other comprehensive income	4,457	104,514	7.08%	104,514	-
The company	AOpen Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	8,497	197,544	11.89%	197,544	-
The company	FineMat Applied Materials Co., Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	4,589	121,202	7.61%	121,202	-
The company	Clientron Corp.	Stock	-	Non-current financial assets at fair value through other comprehensive income	917	15,224	1.44%	15,224	-
The company	Plexbio Corporation, LTD	Stock	-	Non-current financial assets at fair value through other comprehensive income	1,227	5,026	1.76%	5,026	-
The company	Howe advanced Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	4,000	-	13.91%	-	-
The company	ABC-KY	Stock	-	Non-current financial assets at fair value through other comprehensive income	2,642	38,407	4.26%	38,407	-
The company	Lilee Systems, Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	2,143	-	22.27%	-	-
The company	Zeo, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	779	-	6.57%	-	-
The company	DDD Group PLC	Stock	-	Non-current financial assets at fair value through other comprehensive income	9,920	-	4.93%	-	-
The company	Janus Technologies, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	864	-	4.02%	-	-
The company	Vmedia Research	Stock	-	Non-current financial assets at fair value through other comprehensive income	2,000	-	7.69%	-	-
The company	Tube Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	17,009	65,535	22.08%	65,535	-
The company	Audio Design Experts, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	546	-	18.69%	-	-
The company	Tactus Technology, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	7	-	0.09%	-	-
The company	Airdog, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	3,536	-	16.26%	-	-
The company	Videri Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	226	-	3.32%	-	-
The company	Scenera, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	645	-	14.93%	-	-
The company	Jafco AT Fund IV L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	7,055	2.50%	7,055	-
The company	IP Cathay II, L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	3,885	6.45%	3,885	-
The company	IP Fund Six Co., Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	6,000	59,134	10.71%	59,134	-
The company	Corsa Fund 2012, L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	11,518	20.00%	11,518	-
The company	Jafco AT Fund VI L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	591,451	6.67%	591,451	-
The company	Kibou Fund L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	65,156	12.78%	65,156	-
The company	Fenox Venture Company XIV, L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	7,167	99.00%	7,167	-
The company	Vertex V (C.I.) Fund L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	46,080	3.50%	46,080	-
The company	China Renewable Energy Fund, LP	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	160,220	9.02%	160,220	-
The company	Lilee Systems, Ltd.	Bond	-	Non-current financial assets at fair value through profit or loss	-	203,590	-	203,590	-
The company	Smartipty, Inc.	Bond	-	Non-current financial assets at fair value through profit or loss	-	145,358	-	145,358	-
The company	Airdog, Inc.	Bond	-	Non-current financial assets at fair value through profit or loss	-	6,343	-	6,343	-
AIH	Advance Powered & Energy Semiconductor, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	23,375	-	19.26%	-	-
WCHK	Dell technologies Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	364	-	0.05%	-	-
WCL	Alpha Networks Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	3,892	77,246	0.72%	77,246	-
WCL	Howe advanced Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	500	-	1.74%	-	-

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 3 Market Securities Held (excluding investment in subsidiaries, associates and joint ventures)
(June 30, 2019)

(TWD : expressed in thousands)

Held Company Name	Marketable Securities Type and Name		Relationship with the company	Financial Statement Account	June 30, 2019				Notes
					Number of shares	Book value	Percentage of Ownership	Fair Value	
WCL	Clientron Corp.	Stock	-	Non-current financial assets at fair value through other comprehensive income	626	10,398	0.98%	10,398	-
WCL	Vmedia Research	Stock	-	Non-current financial assets at fair value through other comprehensive income	324	-	1.25%	-	-
WCL	ARBOR Technology Corp .	Stock	-	Non-current financial assets at fair value through other comprehensive income	1,910	44,792	3.03%	44,792	-
WCL	Umbo CV Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	2,467	-	5.42%	-	-
WCL	ABC - KY	Stock	-	Non-current financial assets at fair value through other comprehensive income	1,725	25,069	2.78%	25,069	-
WCL	FII	Stock	-	Non-current financial assets at fair value through other comprehensive income	365	-	13.95%	-	-
WCL	feelthebeat Holdings Limited	Stock	-	Non-current financial assets at fair value through other comprehensive income	13	-	9.29%	-	-
WCL	AOpen Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	1,042	20,178	1.46%	20,178	-
WCL	FineMat Applied Materials Co., Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	302	7,978	0.50%	7,978	-
WCL	Bioinspira, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	4,040	19,959	17.60%	19,959	-
WCL	Unity Opto Technology co., Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	5,263	36,878	1.14%	36,878	-
WCL	APPWORKS FUND II CO., LTD.	Stock	-	Non-current financial assets at fair value through other comprehensive income	6,490	165,875	8.15%	165,875	-
WCL	APPWORKS FUND III CO., LTD.	Stock	-	Non-current financial assets at fair value through other comprehensive income	5,250	50,362	14.83%	50,362	-
WCL	LUCID VR,INC.	SAFE	-	Non-current financial assets at fair value through profit or loss	-	16,596	-	16,596	-
WCL	feelthebeat Holdings Limited	Bond	-	Non-current financial assets at fair value through profit or loss	-	16,064	-	16,064	-
WDH	MOBAGEL,INC.	Stock	-	Non-current financial assets at fair value through other comprehensive income	846	54,182	7.40%	54,182	-
Win Smart	Keen High Technologies Ltd	Stock	-	Non-current financial assets at fair value through other comprehensive income	8,716	-	15.17%	-	-
WMH	Aidmics Biotechnology(Cayman) Co., Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	15,000	12,121	16.67%	12,121	-
WMH	Apollo Medical Optics Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	6,667	64,793	20.21%	64,793	-
WMH	Hukui Biotechnology Corporation	Stock	-	Non-current financial assets at fair value through other comprehensive income	375	4,101	15.00%	4,101	-
WMH	Spartan Bioscience Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	1,091	1,527	2.32%	1,527	-
WMH	B-Temia Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	1,827	-	20.86%	-	-
WMH	Plexbio Corporation, LTD	Stock	-	Non-current financial assets at fair value through other comprehensive income	1,500	6,143	2.16%	6,143	-
WMH	DIAGNOSTICS FOR THE REAL WORLD LIMITED	Stock	-	Non-current financial assets at fair value through other comprehensive income	267	25,545	4.80%	25,545	-
WMH	U.S. Bionics Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	927	41,401	15.17%	41,401	-
WMH	Hikari Fund L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	29,712	12.00%	29,712	-
WMH	Pacific 8 Ventures Fund I,L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	78,734	17.82%	78,734	-
WMH	B-Temia Inc.	Bond	-	Non-current financial assets at fair value through profit or loss	-	42,898	-	42,898	-

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 4 Accumulated buying/selling of the same marketable securities for which the dollar amount at least \$300 million or 20% of paid - in capital
(June 30, 2019)

(TWD : expressed in thousands)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter - party	Relationship with the Company	Beginning balance		Acquisition		Disposal				Ending balance		Notes	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Amount	Book value	Gain/Loss on Disposal	Shares/ Units	Amount		
WAKS	Bank Of Communications Co., Ltd.- RMB Structured deposits of Bank of Communications -RMB Financial Product	Structured deposits	-	-	-	-	-	406,638	-	407,397	406,638	757	-	-	-	
WCD	INDUSTRIAL BANK-XING YE YIN HANG QI YE JIN RONG JIE GOU XING CUN KUAN-RMB Financial Product	Structured deposits	-	-	-	-	-	876,531	-	878,726	876,531	2,189	-	-	-	
WCQ	Huaxia Bank Co., Ltd. - Huiying RMB Unit Structural Deposit-RMB Financial Product	Structured deposits	-	-	-	-	-	316,274	-	317,552	316,274	1,274	-	-	-	
WCQ	INDUSTRIAL BANK-XING YE YIN HANG QI YE JIN RONG JIE GOU XING CUN KUAN-RMB Financial Product	Structured deposits	-	-	-	-	-	564,775	-	565,769	564,775	991	-	-	-	
WEKS	Kunshan Rural Commercial Bank- company-guaranteed revenue for Structured Deposit-RMB Financial Product	Structured deposits	-	-	-	-	-	1,863,757	-	1,867,503	1,863,757	3,736	-	-	-	
WMKS	Shanghai Pudong Development Bank- Structured Deposit- RMB Financial Product	Structured deposits	-	-	-	-	-	406,638	-	409,626	406,638	3,021	-	-	-	
WMKS	China Citic Bank - RMB Financial Product OF CHINA CITIC BANK	Structured deposits	-	-	-	-	-	1,084,368	-	1,093,860	1,084,368	9,596	-	-	-	
WSSG	WMI	Stock	-	(Note 2)	Equity - accounted investees	180,801	775,814	199,136	862,492	-	-	-	-	379,937	1,685,943	(Note 1)
WTZS	Uphrow Morgan money market funds	Fund	-	-	Current financial assets at fair value through profit or loss	-	-	243,300	1,099,278	243,300	1,100,450	1,099,278	1,185	-	-	
WZS	Uphrow Morgan money market funds	Fund	-	-	Current financial assets at fair value through profit or loss	-	-	681,000	3,076,894	681,000	3,080,863	3,076,894	3,958	-	-	
WZS	ICBC credit suisse salary money market funds	Fund	-	-	Current financial assets at fair value through profit or loss	-	-	130,000	587,366	130,000	588,078	587,366	710	-	-	
WZS	Bank Of Communications Co., Ltd.- Bank of communications yuntong wealth demand structured deposit-RMB Financial Product	Structured deposits	-	-	Current financial assets at fair value through profit or loss	-	-	-	1,957,736	-	1,958,416	1,957,736	678	-	-	
WZS	Bank Of Communications Co., Ltd.- RMB Structured deposits of Bank of Communications-RMB Financial Product	Structured deposits	-	-	Current financial assets at fair value through profit or loss	-	-	5,421,840	-	5,437,641	5,421,840	15,758	-	-	-	
Win Smart	WJC	Stock	-	(Note 2)	Equity - accounted investees	-	-	-	3,117,440	-	-	-	-	-	3,107,200	(Note 1)

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

Note 2: Issuance of common stock for cash.

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid - in capital
(June 30, 2019)

(TWD : expressed in thousands)

Company Name	Related Party	Relationship	Transaction details				Abnormal Transaction		Account/note receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total accounts / notes receivable (payable)	
The company	AIH	Parent - subsidiary company	Sales	66,370,982	19.42%	OA90	-	-	28,623,517	17.78%	Note
The company	WYHQ	Parent - subsidiary company	Sales	16,141,796	4.72%	OA45	-	-	2,555,140	1.59%	Note
The company	WITX	Parent - subsidiary company	Sales	12,169,765	3.56%	OA150	-	-	10,579,322	6.57%	Note
The company	WIN	Parent - subsidiary company	Sales	4,269,228	1.25%	OA120	-	-	4,351,602	2.70%	Note
The company	WCCZ	Parent - subsidiary company	Sales	2,034,461	0.60%	OA120	-	-	3,130,119	1.94%	Note
The company	WTX	Parent - subsidiary company	Sales	1,495,042	0.44%	OA90	-	-	1,154,116	0.72%	Note
The company	WSCZ	Parent - subsidiary company	Sales	873,753	0.26%	OA90	-	-	421,736	0.26%	Note
The company	FPI	Associates	Sales	394,505	0.12%	OA120	-	-	336,616	0.21%	-
The company	WJP	Parent - subsidiary company	Sales	366,199	0.11%	OA90	-	-	363,762	0.23%	Note
The company	WSSG	Parent - subsidiary company	Sales	364,338	0.11%	OA90	-	-	190,935	0.12%	Note
The company	WMKS	Parent - subsidiary company	Sales	351,062	0.10%	OA90	-	-	183,778	0.11%	Note
The company	WOSH	Parent - subsidiary company	Sales	230,602	0.07%	OA90	-	-	97,864	0.06%	Note
The company	COWIN	Parent - subsidiary company	Purchases	72,921,098	22.18%	OA90	-	-	(36,951,988)	26.81%	Note
The company	WEKS	Parent - subsidiary company	Purchases	71,850,205	21.86%	OA90	-	-	(7,589,769)	5.51%	Note
The company	WCQ	Parent - subsidiary company	Purchases	53,295,169	16.21%	OA90	-	-	(22,918,580)	16.63%	Note
The company	WCD	Parent - subsidiary company	Purchases	48,508,895	14.76%	OA30	-	-	(17,562,182)	12.74%	Note
The company	WAKS	Parent - subsidiary company	Purchases	36,789,474	11.19%	OA90	-	-	(10,816,880)	7.85%	Note
The company	WOK	Parent - subsidiary company	Purchases	28,500,730	8.67%	OA90	-	-	(4,029,865)	2.92%	Note
The company	WIN	Parent - subsidiary company	Purchases	3,540,407	1.08%	OA60	-	-	(1,606,452)	1.17%	Note
The company	WSCQ	Parent - subsidiary company	Purchases	3,513,931	1.07%	OA60	-	-	(540,704)	0.39%	Note
The company	WSKS	Parent - subsidiary company	Purchases	1,498,678	0.46%	OA60	-	-	(222,429)	0.16%	Note
The company	WTZ	Parent - subsidiary company	Purchases	768,264	0.23%	OA60	-	-	(73,058)	0.05%	Note
The company	FPI	Associates	Purchases	524,666	0.16%	OA60	-	-	(232,516)	0.17%	-
The company	WSPH	Parent - subsidiary company	Purchases	219,559	0.07%	OA30	-	-	(26,520)	0.02%	Note
AGI	The company	Parent - subsidiary company	Sales	123,062	39.90%	T/T 90days	-	-	12,418	11.86%	Note
AIH	WAKS	Related company	Sales	159,795	0.23%	OA90	-	-	82,020	0.34%	Note
AIH	WCQ	Related company	Sales	1,491,531	2.14%	OA90	-	-	819,007	3.36%	Note
AIH	The company	Parent - subsidiary company	Purchases	66,370,982	97.43%	OA90	-	-	(28,623,517)	96.38%	Note
COWIN	The company	Parent - subsidiary company	Sales	72,921,098	98.54%	OA90	-	-	36,951,988	64.75%	Note
COWIN	WTZS	Related company	Sales	652,286	0.88%	OA90	-	-	363,948	0.66%	Note
COWIN	WCD	Related company	Sales	261,946	0.36%	OA90	-	-	140,696	0.26%	Note
COWIN	WZS	Parent - subsidiary company	Purchases	73,604,172	71.62%	OA90	-	-	(18,491,829)	46.53%	Note
WAKS	AIH	Related company	Purchases	159,795	0.43%	OA90	-	-	(82,020)	0.49%	Note
WAKS	The company	Parent - subsidiary company	Sales	36,789,474	97.76%	OA90	-	-	10,816,880	97.71%	Note
WAKS	WSKS	Related company	Sales	640,291	1.69%	OA90	-	-	152,802	1.38%	Note

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid - in capital
(June 30, 2019)

(TWD : expressed in thousands)

Company Name	Related Party	Relationship	Transaction details				Abnormal Transaction		Account/note receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total accounts / notes receivable (payable)	
WBR	WYUDE	Related company	Purchases	469,682	82.85%	OA90	-	-	(311,826)	81.89%	Note
WCCZ	The company	Parent - subsidiary company	Purchases	2,034,461	14.91%	OA120	-	-	(3,130,119)	70.17%	Note
WCCZ	WYHQ	Related company	Sales	16,031,175	-	OA45	-	-	4,355,333	98.08%	Note
WCCZ	WYUDE	Related company	Sales	200,774	-	OA45	-	-	41,678	0.94%	Note
WCD	The company	Parent - subsidiary company	Sales	48,508,895	98.57%	OA30	-	-	17,562,182	97.66%	Note
WCD	WSKS	Related company	Sales	495,952	1.00%	OA60	-	-	204,596	1.14%	Note
WCD	WSPH	Related company	Sales	114,808	0.23%	OA90	-	-	124,322	0.69%	Note
WCD	COWIN	Related company	Purchases	261,946	-	OA90	-	-	(140,696)	0.68%	Note
WCQ	AIH	Related company	Purchases	1,491,531	3.01%	OA90	-	-	(819,007)	3.47%	Note
WCQ	The company	Parent - subsidiary company	Sales	53,295,169	98.56%	OA90	-	-	22,918,580	97.74%	Note
WCQ	WSCQ	Related company	Sales	616,389	1.14%	OA90	-	-	523,841	2.23%	Note
WEKS	The company	Parent - subsidiary company	Sales	71,850,205	100.00%	OA90	-	-	7,589,769	100.00%	Note
WIN	The company	Parent - subsidiary company	Purchases	4,269,228	91.27%	OA120	-	-	(4,351,602)	97.52%	Note
WIN	The company	Parent - subsidiary company	Sales	3,540,407	79.80%	OA60	-	-	1,606,452	79.39%	Note
WITX	The company	Parent - subsidiary company	Purchases	12,169,765	97.15%	OA150	-	-	(10,579,322)	99.96%	Note
WJP	The company	Parent - subsidiary company	Purchases	366,199	98.64%	OA90	-	-	(363,762)	96.79%	Note
WMKS	The company	Parent - subsidiary company	Purchases	351,062	45.23%	OA90	-	-	(183,778)	67.14%	Note
WMX	WYUDE	Related company	Sales	454,808	84.14%	OA90	-	-	83,957	68.98%	Note
WOK	The company	Parent - subsidiary company	Sales	28,500,730	99.77%	OA90	-	-	4,029,865	100.00%	Note
WOSH	The company	Parent - subsidiary company	Purchases	230,602	72.79%	OA90	-	-	(97,864)	53.91%	Note
WRKS	The company	Parent - subsidiary company	Sales	267,549	100.00%	OA90	-	-	40,878	100.00%	Note
WSCQ	The company	Parent - subsidiary company	Sales	3,513,931	99.43%	OA60	-	-	540,704	97.03%	Note
WSCQ	WCQ	Related company	Purchases	616,389	16.37%	OA90	-	-	(523,841)	31.83%	Note
WSCZ	The company	Parent - subsidiary company	Purchases	873,753	42.44%	OA90	-	-	(421,736)	57.35%	Note
WSKS	The company	Parent - subsidiary company	Sales	1,498,678	96.89%	OA60	-	-	222,429	64.76%	Note
WSKS	WAKS	Related company	Purchases	640,291	50.37%	OA90	-	-	(152,802)	34.83%	Note
WSKS	WCD	Related company	Purchases	495,952	36.43%	OA60	-	-	(204,596)	56.55%	Note
WSPH	WCD	Related company	Purchases	114,808	41.56%	OA90	-	-	(124,322)	61.22%	Note
WSPH	The company	Parent - subsidiary company	Sales	219,559	91.75%	OA30	-	-	26,520	50.87%	Note
WSSG	The company	Parent - subsidiary company	Purchases	364,338	27.45%	OA90	-	-	(190,935)	51.48%	Note
WTX	The company	Parent - subsidiary company	Purchases	1,495,042	86.50%	OA90	-	-	(1,154,116)	93.00%	Note
WTZ	The company	Parent - subsidiary company	Sales	768,264	52.08%	OA60	-	-	73,058	12.79%	Note
WTZS	COWIN	Related company	Purchases	652,286	81.14%	OA90	-	-	(363,948)	77.66%	Note
WTZS	WZS	Related company	Purchases	170,655	18.74%	OA90	-	-	(114,011)	22.27%	Note
WTZS	The company	Parent - subsidiary company	Sales	261,788	22.39%	OA90	-	-	111,227	16.23%	Note

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid - in capital
(June 30, 2019)

(TWD : expressed in thousands)

Company Name	Related Party	Relationship	Transaction details				Abnormal Transaction		Account/note receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total accounts / notes receivable (payable)	
WYHK	WYHQ	Parent - subsidiary company	Purchases	1,035,450	100.00%	OA90	-	-	(951,995)	100.00%	Note
WYHQ	WCCZ	Related company	Purchases	14,298,646	49.04%	OA45	-	-	(4,354,778)	58.67%	Note
WYHQ	The company	Parent - subsidiary company	Purchases	13,891,590	47.64%	OA45	-	-	(2,542,649)	34.25%	Note
WYHQ	WYUDE	Parent - subsidiary company	Sales	14,849,344	40.51%	OA120	-	-	8,520,918	45.26%	Note
WYHQ	WYJP	Parent - subsidiary company	Sales	922,955	2.52%	OA90	-	-	759,425	4.03%	Note
WYHQ	WYKR	Parent - subsidiary company	Sales	299,126	0.82%	OA90	-	-	206,459	1.10%	Note
WYHQ	WYHK	Parent - subsidiary company	Sales	1,035,450	2.83%	OA90	-	-	951,995	5.06%	Note
WYHQ	WYKS	Parent - subsidiary company	Sales	188,864	0.52%	OA90	-	-	143,107	0.76%	Note
WYJP	WYHQ	Parent - subsidiary company	Purchases	922,955	100.00%	OA90	-	-	(759,425)	100.00%	Note
WYKR	WYHQ	Parent - subsidiary company	Purchases	299,126	100.00%	OA90	-	-	(206,459)	100.00%	Note
WYKS	WYHQ	Parent - subsidiary company	Purchases	188,864	100.00%	OA90	-	-	(143,107)	100.00%	Note
WYUDE	WMX	Related company	Purchases	451,259	0.74%	OA90	-	-	(83,924)	0.59%	Note
WYUDE	WCCZ	Related company	Purchases	202,372	0.33%	OA45	-	-	(41,673)	0.29%	Note
WYUDE	WYHQ	Parent - subsidiary company	Purchases	14,849,344	23.71%	OA120	-	-	(8,520,918)	59.79%	Note
WYUDE	The company	Parent - subsidiary company	Purchases	1,807,205	2.96%	OA45	-	-	-	-	Note
WYUDE	WBR	Related company	Sales	495,069	0.85%	OA90	-	-	312,203	7.14%	Note
WZS	LYZ	Associates	Purchases	167,429	0.26%	OA120	-	-	(157,269)	0.54%	-
WZS	COWIN	Parent - subsidiary company	Purchases	42,886,749	66.32%	OA90	-	-	(17,366,124)	59.28%	Note
WZS	HYZS	Associates	Purchases	100,675	0.16%	OA60	-	-	(55,873)	0.19%	-
WZS	COWIN	Parent - subsidiary company	Sales	73,604,172	97.28%	OA90	-	-	18,491,829	94.05%	Note
WZS	WTZS	Related company	Sales	170,655	0.23%	OA90	-	-	114,011	0.58%	Note

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

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 6 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid - in capital
(June 30, 2019)

(TWD : expressed in thousands)

Company Name	Related Party	Relationship	Balance of receivables from related party	Turnover rate	Past - due receivables from related party		Amounts Received in Subsequent Period	Allowances for bad debt	Note
					Amount	Action taken			
The company	AIHH	Parent - subsidiary company	28,623,517	424.84%	499	Collecting	6,379,041	-	Note
The company	WCQ	Parent - subsidiary company	18,405,093	0.27%	-	-	-	-	Note
The company	COWIN	Parent - subsidiary company	11,347,143	0.26%	-	-	1,221,379	-	Note
The company	WITX	Parent - subsidiary company	10,579,322	170.88%	2,385,147	Collecting	992,762	-	Note
The company	WEKS	Parent - subsidiary company	7,462,571	-	-	-	626,364	-	Note
The company	WOK	Parent - subsidiary company	7,342,528	-	1,284,900	Collecting	3,444,697	-	Note
The company	WAKS	Parent - subsidiary company	5,462,680	0.40%	-	-	626,356	-	Note
The company	WIN	Parent - subsidiary company	4,351,602	241.20%	1,666,113	Collecting	611	-	Note
The company	WCCZ	Parent - subsidiary company	3,130,119	125.39%	313,104	Collecting	-	-	Note
The company	WYHQ	Parent - subsidiary company	2,555,140	1726.79%	1,703	Collecting	298,752	-	Note
The company	WCD	Parent - subsidiary company	1,995,772	-	29,999	Collecting	-	-	Note
The company	WTX	Parent - subsidiary company	1,154,116	224.72%	625,620	Collecting	-	-	Note
The company	WSCZ	Parent - subsidiary company	421,736	522.86%	-	-	-	-	Note
The company	WJP	Parent - subsidiary company	363,762	234.98%	173,105	Collecting	-	-	Note
The company	FPI	Associates	336,616	466.81%	2,609	Collecting	96,740	-	-
The company	WTZ	Parent - subsidiary company	288,067	-	-	-	-	-	Note
The company	WSSG	Parent - subsidiary company	190,935	332.15%	-	-	-	-	Note
The company	WMKS	Parent - subsidiary company	183,778	339.68%	-	-	42	-	Note
AIHH	WCQ	Related company	819,007	427.30%	-	-	-	-	Note
AIHH	The company	Parent - subsidiary company	175,926	6.24%	-	-	-	-	Note
COWIN	WZS	Parent - subsidiary company	17,366,124	0.72%	-	-	-	-	Note
COWIN	The company	Parent - subsidiary company	36,951,988	393.17%	-	-	-	-	Note
COWIN	WTZS	Related company	363,948	280.63%	-	-	-	-	Note
COWIN	WCD	Related company	140,696	279.02%	-	-	-	-	Note
WAKS	The company	Parent - subsidiary company	10,816,880	492.63%	-	-	-	-	Note
WAKS	WSKS	Related company	152,802	457.50%	-	-	-	-	Note
WCCZ	WYHQ	Related company	4,355,333	887.65%	683	Collecting	-	-	Note
WCD	The company	Parent - subsidiary company	17,562,182	546.53%	-	-	-	-	Note
WCD	WSKS	Related company	204,596	538.82%	-	-	-	-	Note
WCD	WSPH	Related company	124,322	329.70%	-	-	-	-	Note
WCQ	The company	Parent - subsidiary company	22,918,580	510.51%	-	-	-	-	Note
WCQ	WSCQ	Related company	523,841	366.15%	-	-	-	-	Note
WEKS	The company	Parent - subsidiary company	7,589,769	951.39%	-	-	-	-	Note
WIN	The company	Parent - subsidiary company	1,606,452	860.60%	-	-	-	-	Note
WITX	The company	Parent - subsidiary company	2,145,499	3.32%	-	-	-	-	Note
WOK	The company	Parent - subsidiary company	4,029,865	478.79%	-	-	-	-	Note
WSCQ	The company	Parent - subsidiary company	540,704	856.14%	-	-	-	-	Note

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 6 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid - in capital
(June 30, 2019)

(TWD : expressed in thousands)

Company Name	Related Party	Relationship	Balance of receivables from related party	Turnover rate	Past - due receivables from related party		Amounts Received in Subsequent Period	Allowances for bad debt	Note
					Amount	Action taken			
WSKS	The company	Parent - subsidiary company	222,429	569.62%	-	-	-	-	Note
WTZS	The company	Parent - subsidiary company	111,227	412.43%	-	-	-	-	Note
WYHQ	WYUDE	Parent - subsidiary company	8,520,918	380.69%	-	-	-	-	Note
WYHQ	WYJP	Parent - subsidiary company	759,425	343.45%	-	-	-	-	Note
WYHQ	WYKR	Parent - subsidiary company	206,459	410.80%	-	-	-	-	Note
WYHQ	WYHK	Parent - subsidiary company	951,995	424.83%	-	-	-	-	Note
WYHQ	WYKS	Parent - subsidiary company	143,107	139.87%	35,444	Collecting	-	-	Note
WYUDE	WBR	Related company	312,203	634.19%	-	-	-	-	Note
WZS	COWIN	Parent - subsidiary company	18,491,829	694.83%	-	-	-	-	Note
WZS	WTZS	Related company	114,011	350.65%	17,582	Collecting	-	-	Note
Other receivable									
AIII	WSPH	Related company	550,231	-	-	-	-	-	Note
AIII	WETW	Related company	172,660	-	-	-	-	-	Note
AIII	The company	Parent - subsidiary company	370,529	-	-	-	-	-	Note
WAKS	WOSH	Related company	109,414	-	-	-	-	-	Note
WAKS	WTZ	Related company	3,138,108	-	-	-	-	-	Note
WAKS	WGKS	Related company	617,885	-	-	-	-	-	Note
WCH	WGTX	Related company	372,864	-	-	-	-	-	Note
WCHK	COWIN	Related company	116,724	-	-	-	-	-	Note
WCQ	WTZ	Related company	3,155,327	-	-	-	-	-	Note
WCQ	WMCQ	Related company	108,904	-	-	-	-	-	Note
WHHK	COWIN	Related company	220,829	-	-	-	-	-	Note
WITT	WITX	Related company	114,559	-	77,119	Collecting	-	-	Note
WYUDE	WYHQ	Parent - subsidiary company	105,359	-	-	-	-	-	Note

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

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 7 Business relationships and significant inter - company transactions

(June 30, 2019)

(TWD : expressed in thousands)

No.	Company Name	Related Party	Existing relationship with counter - party (Note 1)	Transaction details during 2019			
				Financial Statements Item	Amount	Payment Terms	Percentage of consolidated sales revenue and total assets (Note 2)
0	The company	AIHH	1	Sales	66,370,982	OA90	16.12%
0	The company	WYHQ	1	Sales	16,141,796	OA45	3.92%
0	The company	WITX	1	Sales	12,169,765	OA150	2.96%
0	The company	WIN	1	Sales	4,269,228	OA120	1.04%
0	The company	WCCZ	1	Sales	2,034,461	OA120	0.49%
0	The company	WTX	1	Sales	1,495,042	OA90	0.36%
0	The company	WSCZ	1	Sales	873,753	OA90	0.21%
0	The company	WJP	1	Sales	366,199	OA90	0.09%
0	The company	WSSG	1	Sales	364,338	OA90	0.09%
0	The company	WMKS	1	Sales	351,062	OA90	0.09%
0	The company	WOSH	1	Sales	230,602	OA90	0.06%
0	The company	AIHH	1	Account Receivable	28,623,517	OA90	8.74%
0	The company	WCQ	1	Account Receivable	18,405,093	OA90	5.62%
0	The company	COWIN	1	Account Receivable	11,347,143	OA120	3.47%
0	The company	WITX	1	Account Receivable	10,579,322	OA150	3.23%
0	The company	WEKS	1	Account Receivable	7,462,571	OA180	2.28%
0	The company	WOK	1	Account Receivable	7,342,528	OA90	2.24%
0	The company	WAKS	1	Account Receivable	5,462,680	OA120	1.67%
0	The company	WIN	1	Account Receivable	4,351,602	OA120	1.33%
0	The company	WCCZ	1	Account Receivable	3,130,119	OA120	0.96%
0	The company	WYHQ	1	Account Receivable	2,555,140	OA45	0.78%
0	The company	WCD	1	Account Receivable	1,995,772	OA60	0.61%
0	The company	WTX	1	Account Receivable	1,154,116	OA90	0.35%
0	The company	WSCZ	1	Account Receivable	421,736	OA90	0.13%
0	The company	WJP	1	Account Receivable	363,762	OA90	0.11%
0	The company	WTZ	1	Account Receivable	288,067	OA90	0.09%
0	The company	WSSG	1	Account Receivable	190,935	OA90	0.06%
0	The company	WMKS	1	Account Receivable	183,778	OA90	0.06%
1	AGI	The company	2	Sales	123,062	T/T 90days	0.03%
2	AIHH	WCQ	3	Sales	1,491,531	OA90	0.36%
2	AIHH	WAKS	3	Sales	159,795	OA90	0.04%
2	AIHH	WCQ	3	Account Receivable	819,007	OA90	0.25%
2	AIHH	The company	2	Account Receivable	175,926	OA90	0.05%
3	COWIN	The company	2	Sales	72,921,098	OA90	17.71%
3	COWIN	WTZS	3	Sales	652,286	OA90	0.16%
3	COWIN	WCD	3	Sales	261,946	OA90	0.06%
3	COWIN	The company	2	Account Receivable	36,951,988	OA90	11.29%

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 7 Business relationships and significant inter - company transactions

(June 30, 2019)

(TWD : expressed in thousands)

No.	Company Name	Related Party	Existing relationship with counter - party (Note 1)	Transaction details during 2019			
				Financial Statements Item	Amount	Payment Terms	Percentage of consolidated sales revenue and total assets (Note 2)
3	COWIN	WZS	1	Account Receivable	17,366,124	OA90	5.30%
3	COWIN	WTZS	3	Account Receivable	363,948	OA90	0.11%
3	COWIN	WCD	3	Account Receivable	140,696	OA90	0.04%
4	WAKS	The company	2	Sales	36,789,474	OA90	8.93%
4	WAKS	WSKS	3	Sales	640,291	OA90	0.16%
4	WAKS	The company	2	Account Receivable	10,816,880	OA90	3.30%
4	WAKS	WSKS	3	Account Receivable	152,802	OA90	0.05%
5	WCCZ	WYHQ	3	Sales	16,031,175	OA45	3.89%
5	WCCZ	WYUDE	3	Sales	200,774	OA45	0.05%
5	WCCZ	WYHQ	3	Account Receivable	4,355,333	OA45	1.33%
6	WCD	The company	2	Sales	48,508,895	OA30	11.78%
6	WCD	WSKS	3	Sales	495,952	OA60	0.12%
6	WCD	WSPH	3	Sales	114,808	OA90	0.03%
6	WCD	The company	2	Account Receivable	17,562,182	OA30	5.36%
6	WCD	WSKS	3	Account Receivable	204,596	OA60	0.06%
6	WCD	WSPH	3	Account Receivable	124,322	OA90	0.04%
7	WCQ	The company	2	Sales	53,295,169	OA90	12.94%
7	WCQ	WSCQ	3	Sales	616,389	OA90	0.15%
7	WCQ	The company	2	Account Receivable	22,918,580	OA90	7.00%
7	WCQ	WSCQ	3	Account Receivable	523,841	OA90	0.16%
8	WEKS	The company	2	Sales	71,850,205	OA90	17.45%
8	WEKS	The company	2	Account Receivable	7,589,769	OA90	2.32%
9	WIN	The company	2	Sales	3,540,407	OA60	0.86%
9	WIN	The company	2	Account Receivable	1,606,452	OA60	0.49%
10	WITX	The company	2	Account Receivable	2,145,499	OA90	0.66%
11	WMX	WYUDE	3	Sales	454,808	OA90	0.11%
12	WOK	The company	2	Sales	28,500,730	OA90	6.92%
12	WOK	The company	2	Account Receivable	4,029,865	OA90	1.23%
13	WRKS	The company	2	Sales	267,549	OA90	0.06%
14	WSCQ	The company	2	Sales	3,513,931	OA60	0.85%
14	WSCQ	The company	2	Account Receivable	540,704	OA60	0.17%
15	WSKS	The company	2	Sales	1,498,678	OA60	0.36%
15	WSKS	The company	2	Account Receivable	222,429	OA60	0.07%
16	WSPH	The company	2	Sales	219,559	OA30	0.05%
17	WTZ	The company	2	Sales	768,264	OA60	0.19%
18	WTZS	The company	2	Sales	261,788	OA90	0.06%
18	WTZS	The company	2	Account Receivable	111,227	OA90	0.03%

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 7 Business relationships and significant inter - company transactions

(June 30, 2019)

(TWD : expressed in thousands)

No.	Company Name	Related Party	Existing relationship with counter - party (Note 1)	Transaction details during 2019			
				Financial Statements Item	Amount	Payment Terms	Percentage of consolidated sales revenue and total assets (Note 2)
19	WYHQ	WYUDE	1	Sales	14,849,344	OA120	3.61%
19	WYHQ	WYHK	1	Sales	1,035,450	OA90	0.25%
19	WYHQ	WYJP	1	Sales	922,955	OA90	0.22%
19	WYHQ	WYKR	1	Sales	299,126	OA90	0.07%
19	WYHQ	WYKS	1	Sales	188,864	OA90	0.05%
19	WYHQ	WYUDE	1	Account Receivable	8,520,918	OA120	2.60%
19	WYHQ	WYHK	1	Account Receivable	951,995	OA90	0.29%
19	WYHQ	WYJP	1	Account Receivable	759,425	OA90	0.23%
19	WYHQ	WYKR	1	Account Receivable	206,459	OA90	0.06%
19	WYHQ	WYKS	1	Account Receivable	143,107	OA90	0.04%
20	WYUDE	WBR	3	Sales	495,069	OA90	0.12%
20	WYUDE	WBR	3	Account Receivable	312,203	OA90	0.10%
21	WZS	COWIN	2	Sales	73,604,172	OA90	17.88%
21	WZS	WTZS	3	Sales	170,655	OA90	0.04%
21	WZS	COWIN	2	Account Receivable	18,491,829	OA90	5.65%
21	WZS	WTZS	3	Account Receivable	114,011	OA90	0.03%

Note 1: Relationship :

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

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

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

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Information on investees (excluding investees in Mainland china)

(For the six months ended June 30,2019, the following is the information on investees)

(TWD : expressed in thousands)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The company	WMX	Mexico	assembly and installation of LCD TV	2,265,012	2,265,012	293,454	100.00%	2,395,927	(14,721)	(14,721)	Note
The company	WTX	U.S.A.	Customer service and sale	386,196	386,196	4,833	100.00%	1,598,179	91,339	91,339	Note
The company	AIH	B.V.I.	Investment and holding, sale of information and communication equipment and components	6,041,478	6,041,478	347,486	100.00%	5,037,384	(78,546)	(78,546)	Note
The company	COWIN	B.V.I.	Investment and holding, sale of information and communication equipment and components	6,030,379	6,030,379	188,394	100.00%	14,363,435	362,263	362,263	Note
The company	Win Smart	B.V.I.	Investment and holding	14,894,651	14,894,651	484,065	100.00%	32,387,620	132,045	132,045	Note
The company	WCL	Taiwan	Investment consultant and business management consultant	1,197,000	1,197,000	-	100.00%	1,906,994	337,234	337,234	Note
The company	ISL	Taiwan	Safety and EMI test	14,603	14,603	2,434	100.00%	66,027	9,538	9,538	Note
The company	WSPH	Philippines	Customer service and sale	2,853,068	2,853,068	139,567	100.00%	233,271	(14,261)	(14,261)	Note
The company	WLLC	U.S.A.	Investment and holding	1,682,824	1,682,824	5,436	100.00%	2,255,999	30,700	30,700	Note
The company	WVS	B.V.I.	Investment and holding	398,221	398,221	12,005	100.00%	507,180	20,561	20,561	Note
The company	WEH	Netherlands	Investment and holding	1,421,024	1,421,024	-	99.99%	421,919	9,488	9,488	Note
The company	WBR	Brazil	Customer service	623,794	623,794	37,243	99.99%	432,634	94,518	94,518	Note
The company	WTR	Turkey	Customer service	46,650	46,650	22	99.90%	86,557	10,994	10,994	Note
The company	WGTX	U.S.A.	Recycling service of information technology products	859,795	859,795	13	100.00%	105,356	13,146	13,146	Note
The company	WGHK	Hong Kong	Investment and holding	1,003,476	1,003,476	33,500	100.00%	239,383	(37,490)	(37,490)	Note
The company	WMY	Malaysia	assembly and installation of LCD TV	775,360	775,360	80,000	100.00%	367,583	(14,817)	(14,817)	Note
The company	WSMX	Mexico	Customer service	89,134	89,134	36,429	100.00%	(77,901)	(1,188)	(1,188)	Note
The company	WSCO	Colombia	Customer service	91,561	91,561	559	100.00%	72,568	(377)	(377)	Note
The company	WCH	U.S.A.	R&D	589,520	589,520	20	100.00%	551,261	(12,556)	(12,556)	Note
The company	WYHQ	Taiwan	Research, development, sale, and service of information products	1,783,104	1,563,161	78,418	44.93%	7,675,721	2,851,887	1,363,430	Note
The company	WEDH	Seychelles	Investment and holding	170,148	170,148	5,700	100.00%	2,692	(83)	(83)	Note
The company	WCHK	Hong Kong	Investment and holding	225,494	225,494	58,446	100.00%	118,027	1,682	1,682	Note
The company	WCHQ	Taiwan	Sale and maintenance of computer products and electronic information products	10,000	10,000	1,000	100.00%	(1,959)	427	427	Note
The company	WCCZ	Czech Rep.	Production, installation and repairing of electronic appliances	789,793	789,793	-	100.00%	2,910,791	401,807	401,807	Note
The company	WEHK	Hong Kong	Investment and holding, development of Internet platform, provide, sale, and consultancy of the application service	247,954	247,954	11,426	100.00%	(129,655)	(19,053)	(19,053)	Note
The company	AGI	Taiwan	Storage equipment, digital monitoring system, sales of digital multimedia, and related consultancy service	465,948	465,948	19,999	99.99%	181,436	(3,732)	(3,732)	Note
The company	WSSG	Singapore	Customer service	3,476,456	3,476,456	112,489	100.00%	2,912,000	(11,236)	(11,236)	Note
The company	WDH	Taiwan	Investment and holding	600,000	600,000	67,873	100.00%	780,892	56,109	56,109	Note
The company	WMH	Taiwan	Investment and holding	2,000,000	2,000,000	200,000	100.00%	1,190,595	(39,563)	(39,563)	Note
The company	WSTH	Thailand	Maintenance of computer products	8,652	8,652	3,799	100.00%	9,182	(56)	(56)	Note
The company	ANC	U.S.A.	Sales and maintenance of mobile phone	22,808	22,808	75	100.00%	25,832	(976)	(976)	Note
The company	WSCL	Chile	Maintenance of computer products	31,710	31,710	-	100.00%	(11,624)	7,131	7,131	Note
The company	WTS	U.S.A.	Development of new business and customer service	10,348	10,348	35	100.00%	12,566	433	433	Note
The company	JLH	Taiwan	Sale of audio system of vehicle and components	578,889	578,889	57,889	41.03%	21,051	(49,103)	(20,147)	-
The company	WNC	Taiwan	Manufacturing and sale of wireless receiver products	585,487	585,487	89,675	22.97%	3,546,196	627,135	146,794	-

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Information on investees (excluding investees in Mainland china)

(For the six months ended June 30,2019, the following is the information on investees)

(TWD : expressed in thousands)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The company	TPE	Taiwan	Wholesale and retail of electronic material	26,728	26,728	3,009	16.63%	45,282	27,062	4,501	-
The company	ISGTG	Seychelles	Research and design and sale of information technology products	160,025	160,025	5	40.00%	-	-	-	-
The company	ISGTC	Hong Kong	Research and design and sale of information technology products	160,000	160,000	5	40.00%	-	-	-	-
The company	HCL	B.V.I.	Investment and holding	96,045	96,045	-	30.00%	75,740	144	43	-
The company	Formosa Prosonic Industries Berhad	Malaysia	Manufacturing of audio and hooter	513,565	513,565	69,260	28.00%	453,417	59,867	29,900	-
The company	Smartiply Inc.	U.S.A.	Management of internet optimization	62,710	62,710	2,724	23.97%	10,423	(23,593)	(7,588)	-
The company	Optimus Electronics Limited	India	Manufacturing of smart phone and tablet	13,596	13,596	2,760	19.91%	1,340	21,774	2,551	-
The company	WIS	Taiwan	Wholesale and retail of information software, manufacturing of computer products and components	214,656	214,656	17,888	46.10%	234,580	22,059	10,170	-
AGI	Xserve(BVI)Corp.	B.V.I.	Investment and holding	3,938	3,938	113	15.00%	-	-	Fill - free	-
AIH	WJP	Japan	CSD Maintenance company	129,985	129,985	9	100.00%	230,752	(2,879)	Fill - free	Note
AIH	WDC	B.V.I.	Investment and holding, sale of telecommunication equipment and components	3,763,657	3,763,657	124,100	100.00%	2,979,905	(385,366)	Fill - free	Note
AIH	WNC	Taiwan	Manufacturing and sale of wireless receiver products	1,311	1,311	115	0.03%	4,623	627,135	Fill - free	-
AIH	HartecAsia	Singapore	Investment and holding	178,700	178,700	6,090	20.02%	212,439	(39,284)	Fill - free	-
AIH	WEH	Netherlands	Investment and holding	91	91	-	0.01%	85	9,488	Fill - free	Note
AIH	WBR	Brazil	Customer service	96	96	5	0.01%	93	94,518	Fill - free	Note
AIH	Hsieh Yuh	B.V.I.	Holding company and OEM	80,678	80,678	3,990	26.08%	-	14,161	Fill - free	-
AIH	Xserve(BVI)Corp.	B.V.I.	Investment and holding	4,988	4,988	143	19.00%	-	-	Fill - free	-
WCL	WLB	Taiwan	Investment consultant and business management consultant	234,500	134,500	25,291	100.00%	578,384	96,116	Fill - free	Note
WCL	WCT	Netherlands	R&D	445,704	445,704	12,100	100.00%	379,116	(6,761)	Fill - free	Note
WCL	WYHQ	Taiwan	Research, development, sale, and service of information products	518,888	287,233	4,471	2.56%	437,534	2,851,887	Fill - free	Note
WCL	JLH	Taiwan	Sale of audio system of vehicle and components	55,256	55,256	5,526	3.92%	2,009	(49,103)	Fill - free	-
WCL	WAC	Taiwan	Manufacturing, wholesale and retail of electronic related products	1,000	1,000	100	100.00%	980	(18)	Fill - free	Note
WCL	WITS	Taiwan	Manufacturing and maintenance of computer Information System, technical consultant	23,444	36,582	1,071	1.77%	40,646	225,512	Fill - free	-
WCL	WNC	Taiwan	Manufacturing and sale of wireless receiver products	2,450	2,450	100	0.03%	4,996	627,135	Fill - free	-
WCL	WTR	Turkey	Customer service	47	47	-	0.10%	47	10,994	Fill - free	Note
WCL	MAYA	Taiwan	Information integration of medical clinic	22,800	22,800	773	10.91%	20,031	(5,716)	Fill - free	-
WCL	TPE	Taiwan	Wholesale and retail of electronic material	16,563	16,563	1,183	6.54%	18,650	27,062	Fill - free	-
WDH	WITS	Taiwan	Manufacturing and maintenance of computer Information System, technical consultant	330,202	330,202	14,293	23.67%	480,527	225,512	Fill - free	-
WDH	CGI	Taiwan	Software and Information technology service, Research video application software for manufacture and sale.	35,325	35,325	2,858	25.12%	35,690	(1,409)	Fill - free	-
WEDH	WEMY	Malaysia	Development and sales of information technology products and related software	170,192	170,192	21,236	100.00%	2,579	(55)	Fill - free	Note
WEH	WPV	Netherlands	R&D	1,025,291	1,025,291	-	100.00%	115,964	(489)	Fill - free	Note
WEH	WSCZ	Czech Rep.	SERVICE	372,337	372,337	-	100.00%	294,798	9,784	Fill - free	Note
WEHK	WETW	Taiwan	Internet platform development, providing and sales of application services, and consulting services	65,000	65,000	6,500	100.00%	(172,364)	(14,211)	Fill - free	Note
WHK	WIN	India	Computing products repair and service parts distribution	-	-	-	0.01%	-	(43,867)	Fill - free	Note

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 8 Information on investees (excluding investees in Mainland china)
(For the six months ended June 30,2019, the following is the information on investees)

(TWD : expressed in thousands)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
WHK	WMI	India	Mobile Products Manufacturer	-	-	-	0.01%	-	2,572	Fill - free	Note
Win Smart	WHK	Hong Kong	Computer repair service	97,729	97,729	25,281	100.00%	84,966	452	Fill - free	Note
Win Smart	WHHK	Hong Kong	Investment and holding	2,682,237	2,682,237	89,550	100.00%	5,969,312	26,846	Fill - free	Note
Win Smart	MINDFORCE	B.V.I.	Investment and holding	692,634	692,634	21,692	28.88%	683,406	(113,462)	Fill - free	-
WLB	WYHQ	Taiwan	Research, development, sale, and service of information products	421,848	152,387	5,889	3.37%	576,431	2,851,887	Fill - free	Note
WLB	PELL	Taiwan	Biotechnology service	1,500	1,500	150	1.24%	2,699	(21,540)	Fill - free	-
WLB	WIS	Taiwan	Wholesale and retail of information software, manufacturing of computer products and components	3,280	3,022	290	0.75%	3,457	22,059	Fill - free	-
WLLC	WITX	U.S.A.	Warehousing · logistics and distribution for the related products and components of computer · communication and consumer electronic products	1,525,557	1,525,557	4,950	100.00%	2,095,246	32,816	Fill - free	Note
WLLC	WITT	U.S.A.	Processing and sale of electronic information products	149,794	149,794	451	100.00%	123,568	527	Fill - free	Note
WMH	WMT	Taiwan	manufacturing of medical instruments	200,000	200,000	20,000	100.00%	161,061	6,479	Fill - free	Note
WMH	MAYA	Taiwan	Information integration of medical clinic	48,614	48,614	2,346	33.10%	54,862	(5,716)	Fill - free	-
WMH	Free Bionics, Inc.	Cayman Island	research, desing and sale of medical instruments	270,850	270,850	10,100	49.03%	150,935	(59,008)	Fill - free	-
WMH	PELL	Taiwan	Biotechnology service	120,000	120,000	2,400	19.80%	113,769	(21,540)	Fill - free	-
WMH	BTA	Singapore	Exoskeleton prouduct device	57,818	-	1,875	70.00%	41,815	(23,429)	Fill - free	Note
WSSG	WIN	India	Computing products repair and service parts distribution	1,805,085	1,805,085	14,344	99.99%	1,283,477	(43,867)	Fill - free	Note
WSSG	WSMY	Malaysia	Computing Products repair and service parts distribution	33,240	33,240	3,548	100.00%	(5,500)	(488)	Fill - free	Note
WSSG	WMI	India	Mobile Products Manufacturer	1,672,359	809,867	379,937	99.99%	1,685,943	2,572	Fill - free	Note
WYHQ	WYJP	Japan	Sale of eletronic products	6,620	6,620	-	100.00%	116,817	16,749	Fill - free	Note
WYHQ	WYUDE	U.S.A.	Sale of eletronic products	5,021,581	5,021,581	169,010	100.00%	5,400,452	19,724	Fill - free	Note
WYHQ	WYHK	Hong Kong	Investment and holding	12,181	12,181	400	100.00%	122,228	30,054	Fill - free	Note
WYHQ	WYKR	South Korea	Sale of eletronic products	2,903	2,903	20	100.00%	65,059	7,401	Fill - free	Note
WYHQ	WYMY	Malaysia	Sale of eletronic products	15,109	15,109	2,050	100.00%	15,118	(85)	Fill - free	Note
WYHQ	WYMX	Mexico	Human Resources	49,285	-	31,053	100.00%	51,274	1,001	Fill - free	Note

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

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 9 Information on investment in Mainland China

1. Information on investment in Mainland China:

(TWD : expressed in thousands)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital		Method of investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2019		Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2019	Net income (loss) of the investee	Direct / indirect shareholding (%) by the Company	Share of Profits/Losses		Carrying Amount as of June 30, 2019	Accumulated Inward Remittance of Earnings as of June 30, 2019	Note
							Outflow	Inflow								
Wistron InfoComm (Zhongshan) Corporation	Assembly and sales of computer, server, and LCD TV	7,394,068	(Note1)	(Note25)2	7,394,179	(Note1)	-	-	7,394,179	707,666	100.00%	707,666	(Note26)2	18,387,742	-	(Note27)
Wistron InfoComm (Shanghai) Corporation	Research, development, design, testing and sales of computers software	31,691	-	(Note25)2	31,691	-	-	-	31,691	2,311	100.00%	2,311	(Note26)2	54,855	-	(Note27)
Wistron InfoComm Technology (Zhongshan) Co., Ltd.	Assembly and sales of LCD Monitor	67,510	-	(Note25)2	67,510	-	-	-	67,510	19,073	100.00%	19,073	(Note26)2	418,137	-	(Note27)
Wistron InfoComm (Kunshan) Co., Ltd.	Assembly and sales of Notebook computer	1,085,212	(Note2)	(Note25)2	1,085,212	(Note2)	-	-	1,085,212	219,810	100.00%	219,810	(Note26)2	10,088,726	-	(Note27)
Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.	Sales of mobile phone	939,420	-	(Note25)2	939,420	-	-	-	939,420	(96,374)	100.00%	(96,374)	(Note26)2	8,937,807	-	(Note27)
Wistron Service (Kunshan) Corp.	Maintenance of computer products	12,287	-	(Note25)2	12,287	-	-	-	12,287	35,890	100.00%	35,890	(Note26)2	668,775	-	(Note27)
SMS (Kunshan) Co., Ltd	Maintenance of computer products	806,230	-	(Note25)2	806,230	-	-	-	806,230	15,147	100.00%	15,147	(Note26)2	1,710,880	-	(Note27)
Wistron InfoComm (Taizhou) Co., Ltd.	Assembly and sales of LCD Monitor and Touch display module	4,929,489	-	(Note25)2	4,929,489	-	-	-	4,929,489	(483,871)	100.00%	(483,871)	(Note26)2	(3,684,260)	-	(Note27)
WIS PRECISION (KUNSHAN) CO., LTD.	Production and sales of computer shell mold plastic	795,220	-	(Note25)2	231,014	-	-	-	231,014	(10,470)	28.88%	(3,024)	(Note26)3	170,920	-	-
T-CONN PRECISION (Zhongshan) CORPORATION	Production of telecommunication equipment and coupling for Special purpose.	234,991	-	(Note25)2	85,873	(Note3)	-	-	85,873	22,020	23.17%	5,102	(Note26)3	9,742	-	-
Wistron Optronics (Kunshan) Co., Ltd.	Production of communication products and components	3,676,442	-	(Note25)2	3,632,613	(Note4)	-	-	3,632,613	(389,032)	100.00%	(389,032)	(Note26)2	2,906,088	-	(Note27)
Wistron Optronics (Shanghai) Co., Ltd.	Sales of communication products and components	131,044	-	(Note25)2	131,044	-	-	-	131,044	3,665	100.00%	3,665	(Note26)2	73,805	-	(Note27)
HSEIH-YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD.	Production and management of new-type electronic components	426,055	(Note18)	(Note25)2	79,722	-	-	-	79,722	10,816	26.08%	-	(Note26)3	-	-	-
LIAN-YI PRECISION (ZHONGSHAN) INC.	Manufacturing of high-temperature resistant insulation materials and moulded insulation products, Assembly of computer, server and their peripheral equipment.	1,124,931	-	(Note25)2	332,795	-	-	-	332,795	(29,969)	28.88%	(8,655)	(Note26)3	(301,655)	-	-
WIS PRECISION (TAIZHOU) CO., LTD.	Sales of new-type alloy (Mg-X-Al) material	2,220,502	-	(Note25)2	643,191	-	-	-	643,191	606	28.88%	175	(Note26)3	752,964	-	-
Hartec Technology (Kunshan) Co., Ltd.	Production and sales of electronic high-tech nano material	516,917	-	(Note25)2	128,815	-	-	-	128,815	(36,455)	20.02%	(7,371)	(Note26)3	164,637	-	-
Wistron Advanced Materials (Kunshan) Co. Ltd	Research, manufacturing, and sales of electronic regeneration ecofriendly plastic goods	953,939	-	(Note25)2	953,939	-	-	-	953,939	(35,936)	100.00%	(35,936)	(Note26)2	223,954	-	(Note27)
Zongshan Global Lighting Technology Limited Co.	Sales of LGP, backlight and related light-electronic components	445,825	-	(Note25)2	72,007	-	-	-	72,007	NA	15.97%	-	-	74,433	-	-
Wistron InfoComm (CHONGQING) Co.Ltd.	Assembly and sales of Notebook computer	583,823	-	(Note25)2	583,823	-	-	-	583,823	395,199	100.00%	395,199	(Note26)2	4,559,727	-	(Note27)
Wistron Investment (Sichuan) Co., Ltd.	Investment and holding	2,501,366	-	(Note25)2	2,501,366	(Note5)	-	-	2,501,366	23,549	100.00%	23,549	(Note26)2	5,741,486	-	(Note27)
Wistron InfoComm (Chengdu) Co., Ltd.	Assembly and sales of Notebook computer	2,396,524	-	(Note25)2	2,396,524	(Note5)	-	-	2,396,524	31,748	100.00%	31,748	(Note26)2	5,636,466	-	(Note27)
Wistron InfoComm Technology Service (Kunshan) Co., Ltd	Research and development of electronic calculator and other electronic products	59,042	-	(Note25)2	59,042	-	-	-	59,042	8,136	100.00%	8,136	(Note26)2	128,022	-	(Note27)
Weshtek Information Technology Services Co., Ltd., Shanghai	Development of internet platform, providing application services, consulting services	31,324	-	(Note25)2	22,449	(Note19)	-	-	22,449	(1,492)	100.00%	(1,492)	(Note26)2	5,369	-	(Note27)
Shenzhen Keen High Technologies Ltd	Manufacturing of digital photo frame, MP3, MP4 and GPS	198,648	-	(Note25)2	31,110	(Note6)	-	-	31,110	NA	15.17%	-	-	-	-	-
SMS InfoComm (Chongqing) Co., Ltd.	Sales and distribution of computer products and components	126,838	-	(Note25)1	126,838	-	-	-	126,838	30,123	100.00%	30,123	(Note26)2	181,473	-	(Note27)
KunShan ChangNum Precision Die Casting Co., Ltd.	Sales and distribution of Zn-Al Alloy precision casting process, LCD Monitor of supporting frame and Electric tool series.	173,981	-	(Note25)3	-	-	-	-	-	(14,453)	14.48%	(514)	(Note26)3	7,779	-	-
Wiwym Technology Service KunShan Ltd.	Sales of electronic products	10,659	-	(Note25)3	-	-	-	-	-	3,988	50.86%	2,148	(Note26)2	25,477	-	(Note27)
ICA Inc.	Research, design, manufacturing, sales, and maintenance of Intelligent terminals	91,991	-	(Note25)2	-	-	-	-	-	(4,238)	20.00%	(859)	(Note26)3	9,902	-	-
Wistron Medical Tech (Chongqing) CO., LTD.	Production of medical equipments	94,500	-	(Note25)3	-	-	-	-	-	(18,221)	100.00%	(18,221)	(Note26)2	33,138	-	(Note27)
XTRONICS (Nanjing) Automotive Intelligent Technologies Co., Ltd.	Virtual image head-up display, high-power car interior high-power charging device	668,085	(Note24)	(Note25)3	-	-	-	-	-	(59,125)	33.41%	(18,879)	(Note26)3	207,769	-	-
Wistron Investment (Jiangsu) CO., Ltd.	Investment and holding	3,117,440	-	(Note25)2	-	-	3,117,440	-	3,117,440	-	100.00%	-	(Note26)2	3,107,200	-	(Note27)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2. Limitation on investment in Mainland China

(TWD : expressed in thousands)

Company	Accumulated Investment in Mainland China as of June 30, 2019 (Note1) 、(Note2) 、(Note3) 、(Note4) 、(Note5) 、(Note7) 、 (Note8) 、(Note9) 、(Note10) 、(Note11) 、(Note12) 、 (Note13) 、(Note14) 、(Note19) 、(Note20) 、(Note21) 、 (Note22) and (Note23)	Investment Amounts Authorized by Investment Commission, MOEA (Note15)	Upper Limit on Investment (Note16)
Wistron Corporation	28,497,764 (USD 916,612,330)	31,735,297 (USD 1,020,765,453)&(CNY 4,000,000)	-

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

Wistron InfoComm (Zhongshan) Corporation, in which the Company indirectly owned 100% of its shares, merged with BriVision Optronics (Zhongshan) Corp. in the second quarter of 2015, resulting in an increase in the investment capital of Wistron InfoComm (Zhongshan) Corporation to USD 218,050,000 (approximately TWD 6,872,015), which was authorized by the Investment Commission on July 31, 2015. Also, Wistron InfoComm (Zhongshan) Corporation merged with All Technology (Zhong Shan) Co., Ltd., one of 100% owned subsidiaries of the Company, in the first quarter of 2017, resulting in an increase in the investment capital of Wistron InfoComm (Zhongshan) Corporation to USD 234,000,000 (approximately TWD 7,394,179), which was authorized by Investment Commission on December 26, 2016.

(Note 2) Wistron InfoComm (Kunshan) Co., Ltd. merged with Wistron InfoComm Technology (Kunshan) Co., Ltd. in the first quarter of 2015, both entities are 100% owned subsidiaries of the Company, resulting in an increase in the investment capital of Wistron InfoComm (Kunshan) Co., Ltd. to USD 32,000,000 (approximately TWD 1,085,212), which was authorized by the Investment Commission on January 23, 2015.

(Note 3) On January 24, 2005, the Company applied to the Investment Commission for the revision of the amount of its indirect investment in T - CONN PRECISION (Zhongshan) CORPORATION from USD 638,000 to USD 550,000, and the application was authorized on February 15, 2005. Also, Super Elite Ltd. acquired Hong Kong Comtek Electronics Co. Ltd. by issuing new shares through stock exchange, resulting in a decrease in the of the Company's investment amount in T - CONN PRECISION (Zhongshan) CORPORATION by USD 339,995 (approximately TWD 9,793); and the application was authorized by the Investment Commission on May 17, 2012.

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

(Note 5) The investment in Wistron InfoComm (Chengdu) Co., Ltd., through Wistron Investment (Sichuan) Co., Ltd., was authorized by the Investment Commission. The amount of accumulated investment in Mainland China had increased by USD 83,500,000 (approximately TWD 2,501,366).

(Note 6) The board of directors of Shenzhen Keen High Technologies Ltd., in which the Company indirectly invested in, resolved to apply to the Court for bankruptcy on December 22, 2014. The case is still in progress.

(Note 7) Shenzhen Jin Zhi Feng Electronic Co., Ltd, in which the Company indirectly invested in, had completed the cancellation of its business registration. The said investment capital amounting to USD 2,331,508.7, which entitled the Company to a full ownership of the entity, had been remitted to KJF Technology Ltd. and was authorized by the Investment Commission on January 12, 2015. However, according to the regulation, the remittance to Mainland China amounting to USD 104,452 (approximately TWD 3,155) was included in the the accumulated investment amount.

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- (Note 8) Dong Guan Comtek Electronics Co., Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY 449,415.79, which entitled the Company to a full ownership of the entity, had been remitted to Hong Kong Comtek Electronics Co. Ltd. and was authorized by the Investment Commission on July 15, 2013. However, according to the regulation, the remittance to Mainland China amounting to USD 179,344 (approximately TWD 5,371), was included in the the accumulated investment amount.
- (Note 9) Top - Glory Electronic (Zhongshan) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 18,268.22, which entitled the Company to an 11% ownership of the entity, had been remitted to Super Elite Ltd. and was authorized by the Investment Commission on March 25, 2010. However, according to the regulation, the remittance to Mainland China amounting to USD 33,000 (TWD 1,071) was included in the the accumulated investment amount.
- (Note 10) Changshu Pu Yuan electronics Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 3,895,791.97, which entitled the Company to a full ownership of the entity, had been remitted to to Park Orchid, which was liquidated afterwards. The capital incurred from the liquidation of Park Orchid amounting to USD 2,461,084.65 was remitted to Win Smart. With that said, the capital amount of USD2,461,084.65 entitled the Company to a 46.875% ownership of to Win Smart. Therefore, the accumulated investment amount in Mainland China was revised to USD 2,812,500 on April 24, 2012, and was authorized by the Investment Commission on April 30, 2012. However, according to the regulation, the remittance to Mainland China amounting to USD 2,812,500 (TWD 84,714) was included in the the accumulated investment amount.
- (Note 11) Wistron optronics (Shanghai) Corporation, in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 58,823.63, which entitled the Company to a full ownership of the entity, had been remitted to WDC and was authorized by the Investment Commission on December 16, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD 1 was included in the the accumulated investment amount.
- (Note 12) Wistron Service (Shanghai) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 6,507.67 (approximately TWD 196), which entitled the Company to a full ownership of the entity, had been remitted to Taiwan and was authorized by the Investment Commission on March 6, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment was authorized by the Investment Commission on December 8, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD 133,492.33 (approximately TWD 4,350) was included in the the accumulated investment amount.
- (Note 13) WIT Precision (Taizhou) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 18,577.5 (approximately TWD 556), which entitled the Company to a 30% ownership of the entity, had been remitted to to Taiwan and was authorized by the Investment Commission on September 18, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment of the Company had already been authorized. However, according to the regulation, the remittance amounting to USD 1,241,422.5 (approximately TWD 39,449) was included in the accumulated investment amount.
- (Note 14) Zhongshan Deyi Electrical Equipment Co.,Ltd.(Deyi), in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 525,684.97, which entitled the Company to a full ownership of the entity, had been remitted to FULLERTON LTD. On October 22, 2013, the Company applied for a revision of its indirect investment in Deyi amounting to USD 161,314, which had been authorized by the Investment Commission on October 28, 2013. Afterwards, the cancellation of investment of the Company was authorized by the Investment Commission on November 4, 2013. However, according to the regulation, the remittance to Mainland China amounting to (approximately TWD 5,121) was included in the the accumulated investment amount.
- (Note 15) Translated using the spot rates on June 30, 2019.
- (Note 16) On December 6, 2017, the Company obtained the Certificate of Qualified Operating Headquarters, which was issued by the Department of Industrial Development, Ministry of Economic Affairs, in accordance with the revised "Approval Guidelines for Engagement in Investments or Technological Cooperation in Mainland China" and "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" that was announced on August 22, 2008. Therefore, the Company was not restricted or limited, in anyway, regarding the investment amount in Mainland China.
- (Note 17) Wistron InfoComm (CHONGQING) Co. Ltd., one of the fully directly owned subsidiaries of the Company, used its own capital to invest in ICA Inc.; the transaction was not restricted or limited, in anyway, regarding the investment amount in Mainland China.
- (Note 18) HSIEH - YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. merged with BriVision Optronics (Zhongshan) Corp. in the fourth quarter of 2016, both entities are fully owned subsidiaries of the Company, resulting in an increase in the investment capital of HSIEH - YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. to USD 2,452,912 (approximately TWD 79,722), which was authorized by the Investment Commission on November 30, 2016.

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- (Note 19) The Company invested the amount of USD 16,961 (approximately TWD 513) in WIEDU HONG KONG LIMITED, acquiring 18.73% of its share; therefore, resulting in an indirect ownership of Weshtek Information Technology Services Co., Ltd., Shanghai (Weshtek), which entitled the Company to a full ownership of Weshtek.
- (Note 20) The indirect investment in WISTRON INVESTMENT (JIANGSU) CO. LTD., a holding company, through Win Smart Co. with amount of USD 200,000,000, was authorized by the Investment Commission on December 18, 2017. Till 2nd quarter of 2019, the remittance to Mainland China was only USD 100,000,000 (approximately TWD 3,117,440).
- (Note 21) Wistron InfoComm (Qingdao) Co., Ltd, Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 7,123,297.09, which entitled the Company to a full ownership of the entity, had been remitted to WISTRON HONG KONG HOLDING LIMITED. and was authorized by the Investment Commission on March 14, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD 6,000,000 (approximately TWD 179,436), was included in the the accumulated investment amount.
- (Note 22) Wiwynn Technology Service (Beijing) Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY 7,543.21, which entitled the Company to a full ownership of the entity, had been remitted to WIN SMART CO.,LTD. and was authorized by the Investment Commission on May 18, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD 2,899,788.94 (approximately TWD 86,742) was included in the the accumulated investment amount.
- (Note 23) ANWITH (KunShan) CO.,LTD. in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 2,023,982.58, which entitled the Company to a full ownership of the entity, had been remitted to WISTRON HONG KONG LIMITED. and was authorized by the Investment Commission on October 19, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD 3,000,000 (approximately TWD 89,256) was included in the the accumulated investment amount.
- (Note 24) Wistron InfoComm (Kunshan) Co., Ltd., in which the Company indirectly invested, invested the amount of CNY 47,118,000 (TWD 209,859) in XTRONICS (Nanjing) Electronics Technology Co., acquiring 31.41% of its share in the fourth quarter of 2018, with which the change of its business registration had been completed in the first quarter of 2019. Xtronic Innovation Ltd. has agreed to transfer 2% of its shares to Wistron InfoComm (Kunshan) Co. Ltd., in which the Company indirectly invested. Wistron InfoComm (Kunshan) Co. Ltd. invested the amount of CNY 3,000,000 (approximately TWD 13,790) in XTRONICS (Nanjing) Electronics Technology Co., acquiring 33.41% of its share in the second quarter of 2019.
- (Note 25) Ways to Invest in Mainland China :
1. Direct investment in Mainland China.
 2. Indirect investment in Mainland China through a foreign company
 3. Others
- (Note 26) Recognized share of associates and joint ventures accounted for equity method :
1. The financial statements of the investee company were reviewed by the global accounting firm in cooperation with R.O.C. accounting firm.
 2. The financial statements of the investee company were reviewed by the Company auditor
 3. Others
- (Note 27) The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

3. Significant transactions

The significant transactions of the entities in China in which the Company, directly or indirectly owned, refer to table 1 to table 9.