

**Wistron Information Technology and Services Corp.**

**2020 ANNUAL SHAREHOLDERS' MEETING MINUTES**

(Translation)

Time: 9:00 a.m., June 22, 2020

Venue: Multi-Purpose Auditorium

(1F., No.15, Ln. 168, Xingshan Rd., Neihu Dist., Taipei City)

Total share represented by shareholders present in person or by proxy are 41,975,894 shares, which is 63.21% of the total 66,401,104 outstanding shares.

Attended Directors:

Ching Hsiao, the Chairman of Board of Directors, Frank Lin, Philip Peng, Marty Chiou, and David Lee

Attended Independent Directors:

Frank Juang, the Convener of Audit Committee

Attendees:

Chen, Ya-Ling, the Independent Auditor of KPMG

Pan, Cheng-Hsiung, the Lawyer of Compolitan International Law Office

Chairman: Ching Hsiao

Recorder: Kelvin Su

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

Chairman's Address: (Omitted)

## I. Report Items

1. The Business Report of 2019. (Please refer to Appendix 1)
2. Audit Committee's Review Report. (Please refer to Appendix 2)
3. To report distribution of employees' profit sharing bonus and directors' remuneration. (Please refer to the Company's Handbook for Shareholders' Meeting)
4. To report the implementation status of share repurchase.

Description:

(1) The actual status of execution of the repurchase is as follows:

Treasury stocks batch order	2020-1st
Date of Board resolution	2020/3/27
Purpose of the repurchase	To transfer to employees
Period for the repurchase	2020/3/30~2020/5/29
Number of shares expected to be repurchased	1,500,000 shares
Price range	NT\$45 to NT\$80 per share The Company will still execute the repurchase should the price falls below the lower limit.
Types and number of shares repurchased	Common stock, 958,000 shares
Total amount of shares repurchased	NT\$73,499,652
Average repurchase price per share	NT\$76.72
Shares cancelled/transferred	0 shares
Cumulative number of own shares held	958,000 shares
Ratio of cumulative number of own shares held to the total number of the Company's issued shares	1.44%

(2) Please refer to Appendix 3 for "Rules of Transferring Repurchased Shares to Employees for 2020-1st."

Shareholder (No. 394) has some queries on Report Items 1 and 2. All queries have been given detailed replies by the Chairman as well as persons in charge.

## II. Ratification and Discussion Items

### ITEM 1: Ratification of the Business Report and Financial Statements of 2019

Proposal: Submission (by the Board of Directors) of the Company's 2019 Business Report and Financial Statements for ratification.

Details: 1. The Company's Financial Statements for 2019, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows, were audited by independent auditors, Ms. Chen, Ya-Ling and Mr. Huang, Ming-Hung, of KPMG.

2. Please refer to Appendix 1 for the Company's Business Report, Independent Auditors' Report, and the aforementioned Financial Statements.

3. Submission for ratification.

Resolution:

Voting Result: Shares present at the time of voting: 41,975,894

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
40,835,628 (including 20,725,859 votes through e-voting)	97.28	8,941 (including 8,941 votes through e-voting)	0.02	0	0	1,131,325 (including 10,653 votes through e-voting)	2.70

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

### ITEM 2: Ratification of the proposal for distribution of 2019 profits

Proposal: Submission (by the Board of Directors) of the proposal for 2019 earnings distribution for ratification.

Details: 1. Net income after tax is NT\$413,122,520, after adding up remeasurements of the defined benefit obligation of NT\$228,000, and deducting legal reserve of NT\$41,335,052 and special reserve of NT\$49,191,682, then adding up unappropriate retained earnings at the beginning of 2019 of NT\$254,271,110, therefore the total amount of retained earnings available for distribution is NT\$577,094,896. The dividends to be distributed to the shareholders amount to NT\$212,483,532 in cash (NT\$3.2 per share).

2. After the adoption of the resolution at the Shareholders' Meeting, the Board of Directors is authorized to carry out the matter regarding the setting of the ex-dividend date and other relevant matters.

3. In the event that, before the ex-dividend date, the proposed earnings distribution plan is affected due to the revisions to relevant laws or regulations, or upon the request of the competent authorities, or the change to the Company's common shares (i.e.

repurchasing the Company’s shares for transfer or cancellation, issuance of new shares to its employees as a result of their exercise of stock options, unsecured convertible bonds converting into common shares, capital increase by cash, capital increase by issuance of GDR, cancellation of part of Employee Restricted Stock Awards and capitalization of employees’ profit sharing bonus through issuance of new shares etc.), which results in changes in shareholder’s allotment of dividend-payout ratio, the Board of Directors is authorized to make necessary adjustments at its full discretion.

4. Please refer to Appendix 4 for the Profit Appropriation Statement for 2019.

5. Submission for ratification.

Resolution:

Voting Result: Shares present at the time of voting: 41,975,894

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
40,835,619 (including 20,725,850 votes through e-voting)	97.28	8,952 (including 8,952 votes through e-voting)	0.02	0	0	1,131,323 (including 10,651 votes through e-voting)	2.70

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

**ITEM 3: Approval of amendments to the “Articles of Incorporation”**

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

Details: 1. To comply with regulations and the Company’s operational needs, it is proposed to make amendments to the “Articles of Incorporation.” (Please refer to Appendix 5 for the comparison between the original and the amendments).

2. Please discuss.

Resolution:

Voting Result: Shares present at the time of voting: 41,975,894

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
40,835,517 (including 20,725,748 votes through e-voting)	97.28	9,054 (including 9,054 votes through e-voting)	0.02	0	0	1,131,323 (including 10,651 votes through e-voting)	2.70

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

**ITEM 4: Approval of amendments to the “Procedures for Acquisition and Disposal of Assets”**

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

Details: 1. To comply with regulations and the Company’s operational needs, it is proposed to make amendments to the “Procedures for Acquisition and Disposal of Assets.” (Please refer to Appendix 6 for the comparison between the original and the amendments).

2. Please discuss.

Resolution:

Voting Result: Shares present at the time of voting: 41,975,894

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
40,832,614 (including 20,722,845 votes through e-voting)	97.27	11,957 (including 11,957 votes through e-voting)	0.03	0	0	1,131,323 (including 10,651 votes through e-voting)	2.70

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

**ITEM 5: Approval of amendments to the “Rules of Procedure for Shareholders’ Meeting”**

Proposal: Submission (by the Board of Directors) of a proposal to amend certain parts of the Company’s “Rules of Procedure for Shareholders’ Meeting”.

Details: 1. To comply with regulations and the Company’s operational needs, it is proposed to make amendments to the “Rules of Procedure for Shareholders’ Meeting”. (Please refer to Appendix 7 for the comparison between the original and the amendments).

2. Please discuss.

Resolution:

Voting Result: Shares present at the time of voting: 41,975,894

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
40,834,949 (including 20,725,180 votes through e-voting)	97.28	8,957 (including 8,957 votes through e-voting)	0.02	0	0	1,131,988 (including 11,316 votes through e-voting)	2.70

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

**III.Extemporary Motion:** None.

**IV.Meeting Adjourned:** 9:55 a.m., June 22, 2020

Note: This document is extracted from the meeting; the details are subject to the audio and video recording.

## **Wistron Information Technology and Services Corp.**

### **Business Report**

#### **A. A review of 2019**

The year 2019 has been a good year for Wistron ITS. We were able to quickly respond to all the challenges we faced in 2019 during the turbulent economy, and were able to achieve a new overall revenue record, reaching more than NT\$5 billion overall. Compared to 2018, we showed a 60% growth. Compared to the compound annual growth rate of 4% of the global IT service market, Wistron ITS showed an impressive 35% annual revenue growth.

The main reason for this increase in revenue lies in the emerging demand of new digital services, the need for digital transformation of current companies, as well as continuously increasing demand for product localization. The overall growth in China, Taiwan, Japan and US, if broken down by industries, shows that Wistron ITS still excels in the fields of IT high-tech, finance, telecommunication and manufacturing.

#### **B. 2019 Financial Performance**

Consolidated revenue reached NT\$5,323 million in 2019, an increase of 35 percent over NT\$3,953 million in 2018. Net income was NT\$413 million, increased 63 percent from the 2018 level of NT\$253 million. Basic earnings per share were NT\$6.23 in 2019.

Gross profit margin was 24.5 percent compared with 23.5 percent in 2018, while operating profit margin was 8.2 percent compared with 5.2 percent a year earlier. Net profit margin was 7.8 percent, an increase of 1.4 percentage points from 6.4 percent in 2018.

#### **C. R&D Status**

Aside from traditional mainstream technology demands from our clients, currently we are also involved in innovative technologies such as AI, big data, fintech, IoT and 5G applications, etc.

Following through the big data strategy, Wistron ITS continues to work in the field of big data storage, assisting our clients in digital behavioral analysis, optimizing digital procedures, developing digital channels, and offering personalized finance services, thus realizing the idea where digital drives the decision. With fintech becoming the latest trend, Wistron ITS assists clients in developing systems that focus on the use of big data, Open API, as well as corporate middle-platform set up. The Company seeks to break through current myths, and thinks outside the current structure finance institutions are in. This allows us to rapidly conduct innovative application development, and adjust in accordance to data received through market feedback, this ensures that the offerings, including the functions and services, fully satisfies the clients' needs, thus enhance their power of digital services.

In the field of AI technology, Wistron ITS has been in the field of smart healthcare for many years. We have practical applications of AI medical imaging, where we assist clients in setting up deep-learning models and algorithms, with detects and dissects organ images, vastly improving the positive reading rate of liver diseases. Aside from algorithm learning, AI software application development, Wistron ITS has also started to apply AI in researches such as smart tagging, segregated algorithms, as well as detection of lesions, specifically for the field of medical imaging data screening and tagging, that currently requires high manpower efforts. This allows us to lead the clients towards the new era of technology assisted healthcare.

#### **D. Outlook of 2020**

Looking towards 2020, the global economy is under waves of setbacks. Wistron ITS will continue to face these challenges with a positive but diligent and cautious attitude, with full risk assessments and control in place to ensure the continued development of our company.

In terms of mid-to-long-term plans, the Company still thinks there is more to be gained from the IT service markets. New technological breakthroughs are brought forth in the fields of AI, big data, fintech, IoT, and 5G technologies in both development and application. Digital transformation is also still a main issue for businesses, where they apply digital capabilities to improve their operation abilities, optimize user experience, and develop innovative business models. Such varied and strong demands are perfect for Wistron ITS who has been working in the fields for years, where we can, with our rich talent pool, successfully meet the growing demands of the market.

In 2020, the action plan of Wistron ITS is to 'enhance our own robustness, and obtain steady gains in profit'. We will continue our work in the four main markets of Taiwan, China, Japan and the US, where we will collaborate with quality clients on quality projects, and enrich our collaboration with existing major clients. With the challenge ahead being the global economy status being uncertain, we will continue to improve the robustness of Wistron ITS. Both 'talent' and 'competitiveness' are the foundation of the continuous growth of Wistron ITS. We consider the IT service business as a holistic 'human resource' business. We plan to further offer education and training to our employees, offering them a stage to grow and develop, and a sense of belonging. We hope to see that all our employees continue to improve in all aspects relating to clients, professionalism, IT technology, as well as service models, and thus increase the competitiveness of Wistron ITS in general. Only fully prepared, will we be able to grasp the opportunity, and create even better performance.

We would like to once again express our gratitude to your constant support and encouragement. It is with you, that the Company has been able to continue to grow. We will continue to create maximum profit available for our shareholders.

Sincerely Yours,  
and with warm regards,

Chairman: Ching Hsiao

President: Ching Hsiao

Controller: Phoebe Chang

## **Independent Auditors' Report**

To the Board of Directors of Wistron Information Technology and Services Corporation:

### **Opinion**

We have audited the consolidated financial statements of Wistron Information Technology and Services Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accounts, Ruling No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### **1. Revenue recognition**

Please refer to Note 4(1) "Revenue" for accounting policy and Note 6(o) to the consolidated financial statements for the disclosure of revenue recognition.



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

The Group is a listed company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

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

Our principal audit procedures included testing of the design and implement of controls over sales and collection of receivable transactions; evaluating if there is any significant abnormal changes through performing trend analysis on top 10 customers by comparing the difference between the actual number and the same period last year; assessing and testing the sale transaction voucher to confirm the accurately of revenue recognition; evaluating the adequacy of revenues recognition by testing the sale transactions during the period before and after the balance sheets date.

## **2. Valuation of accounts receivable**

Please refer to Note 4(g) “Financial Instruments” for accounting policy, Note 5 for accounting assumptions, judgments and estimation uncertainty of accounts receivable and Note 6(c) for the disclosure of the valuation of accounts receivable to the consolidated financial statements.

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

The Group engaged in the information technology service industry. Resulting in significant judgment being applied in the management’s assessment of the recoverability of accounts receivable. Consequently, this is one of the key judgmental areas of our audit.

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

Our principal audit procedures included testing the adequacy of the formula of the calculation for expected loss rate; testing the adequacy of aging report by tracing to related vouchers; evaluating the appropriateness of loss allowance and expected credit loss by testing if the loss allowance was made by expected loss rate; assessing if the evaluation document of loss allowance for accounts receivable was compliance with the Group’s accounting policy; evaluating the adequacy of the disclosure of loss allowance for accounts receivable prepared by management.

## **Other Matter**

Wistron information technology and services corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (The Republic of China)  
March 27, 2020

#### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2019 and 2018**

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2019</u>		<u>December 31, 2018</u>				<u>December 31, 2019</u>		<u>December 31, 2018</u>	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Assets</b>											
<b>Current assets:</b>											
1100	Cash and cash equivalents	\$ 875,113	26	1,295,230	44	2100	Short-term loans	\$ -	-	44,755	2
1140	Current contract assets	53,785	2	44,594	2	2130	Current contract liabilities	14,480	-	24,017	1
1170	Notes and accounts receivable, net	1,375,045	41	1,113,996	37	2170	Accounts payable	165,617	5	157,603	5
1180	Accounts receivable—related parties, net	19,476	1	19,567	1	2180	Accounts payable—related parties	6,060	-	-	-
1200	Other receivables	179	-	410	-	2219	Other payables	697,494	21	653,889	22
1220	Current tax assets	-	-	387	-	2220	Other payables—related parties	126	-	-	-
1410	Prepayments	14,495	-	39,538	1	2230	Current tax liabilities	42,609	1	12,462	-
1470	Other current assets	<u>1,222</u>	<u>-</u>	<u>4,599</u>	<u>-</u>	2399	Other current liabilities	26,449	1	24,437	1
	<b>Total current assets</b>	<u>2,339,315</u>	<u>70</u>	<u>2,518,321</u>	<u>85</u>	2280	Current lease liabilities	38,696	1	-	-
<b>Non-current assets:</b>						2320	Long-term liabilities, current portion	<u>45,873</u>	<u>2</u>	<u>6,902</u>	<u>-</u>
1517	Non-current financial assets at fair value through other comprehensive income	13,212	-	13,072	-		<b>Total current liabilities</b>	<u>1,037,404</u>	<u>31</u>	<u>924,065</u>	<u>31</u>
1600	Property, plant and equipment	853,356	25	58,210	2	2540	Long-term loans	71,320	2	81,498	3
1755	Right-of-use assets	64,579	2	-	-	2570	Deferred tax liabilities	108,072	3	115,497	4
1780	Intangible assets	32,036	1	26,388	1	2580	Non-current lease liabilities	20,526	1	-	-
1840	Deferred tax assets	22,448	1	21,469	1	2640	Net defined benefit liability, non-current	<u>15,375</u>	<u>-</u>	<u>15,368</u>	<u>-</u>
1900	Other non-current assets	<u>36,748</u>	<u>1</u>	<u>326,170</u>	<u>11</u>		<b>Total non-current liabilities</b>	<u>215,293</u>	<u>6</u>	<u>212,363</u>	<u>7</u>
	<b>Total non-current assets</b>	<u>1,022,379</u>	<u>30</u>	<u>445,309</u>	<u>15</u>		<b>Total liabilities</b>	<u>1,252,697</u>	<u>37</u>	<u>1,136,428</u>	<u>38</u>
						<b>Equity:</b>					
						3100	Capital stock	664,011	20	602,137	20
						3200	Capital surplus	736,051	22	717,711	24
						3300	Retained earnings	834,032	25	583,258	20
						3400	Other equity	<u>(125,097)</u>	<u>(4)</u>	<u>(75,904)</u>	<u>(2)</u>
							<b>Total equity</b>	<u>2,108,997</u>	<u>63</u>	<u>1,827,202</u>	<u>62</u>
							<b>Total liabilities and equity</b>	<u>\$ 3,361,694</u>	<u>100</u>	<u>2,963,630</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 3,361,694</u>	<u>100</u>	<u>2,963,630</u>	<u>100</u>						

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND  
 SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2019 and 2018**

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

		<u>2019</u>		<u>2018</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Net revenue</b>	\$ 5,323,464	100	3,953,321	100
5000	<b>Cost of sales</b>	<u>(4,020,905)</u>	<u>(76)</u>	<u>(3,023,926)</u>	<u>(76)</u>
	<b>Gross profit</b>	<u>1,302,559</u>	<u>24</u>	<u>929,395</u>	<u>24</u>
	<b>Operating expenses</b>				
6100	Selling expenses	(123,700)	(2)	(191,690)	(5)
6200	Administrative expenses	(711,873)	(13)	(520,509)	(14)
6300	Research and development expenses	(8,273)	-	(1,698)	-
6450	Expected credit loss	<u>(20,114)</u>	<u>(1)</u>	<u>(8,280)</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>(863,960)</u>	<u>(16)</u>	<u>(722,177)</u>	<u>(19)</u>
	<b>Net operating income</b>	<u>438,599</u>	<u>8</u>	<u>207,218</u>	<u>5</u>
	<b>Non-operating income and expenses :</b>				
7010	Other income	25,560	1	42,179	1
7020	Other gains and losses	1,742	-	26,331	1
7050	Finance costs	<u>(7,757)</u>	<u>-</u>	<u>(1,166)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>19,545</u>	<u>1</u>	<u>67,344</u>	<u>2</u>
	<b>Profit before tax</b>	458,144	9	274,562	7
7950	Income tax expenses	<u>(45,021)</u>	<u>(1)</u>	<u>(21,372)</u>	<u>(1)</u>
	<b>Net profit</b>	<u>413,123</u>	<u>8</u>	<u>253,190</u>	<u>6</u>
8300	<b>Other comprehensive income :</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	228	-	(2,278)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	140	-	3,458	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>368</u>	<u>-</u>	<u>1,180</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(49,333)	(1)	(9,121)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>(49,333)</u>	<u>(1)</u>	<u>(9,121)</u>	<u>-</u>
8300	<b>Other comprehensive income (loss)</b>	<u>(48,965)</u>	<u>(1)</u>	<u>(7,941)</u>	<u>-</u>
	<b>Total comprehensive income</b>	<u>\$ 364,158</u>	<u>7</u>	<u>245,249</u>	<u>6</u>
	<b>Earnings per share (in dollars)</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 6.23</u>		<u>4.75</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 6.17</u>		<u>4.67</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2019 and 2018**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
	Capital stock		Retained earnings					Other equity				Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares		
<b>Balance at January 1, 2018</b>	\$ 438,783	255,502	54,262	20,566	322,549	397,377	(44,455)	(25,786)	(70,241)	(11,742)	1,009,679	
Net profit	-	-	-	-	253,190	253,190	-	-	-	-	253,190	
Other comprehensive income	-	-	-	-	(2,278)	(2,278)	(9,121)	3,458	(5,663)	-	(7,941)	
Total comprehensive income	-	-	-	-	250,912	250,912	(9,121)	3,458	(5,663)	-	245,249	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	10,924	-	(10,924)	-	-	-	-	-	-	
Special reserve	-	-	-	27,675	(27,675)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(21,677)	(21,677)	-	-	-	-	(21,677)	
Stock dividends	43,354	-	-	-	(43,354)	(43,354)	-	-	-	-	-	
Cash subscription	120,000	432,000	-	-	-	-	-	-	-	-	552,000	
Treasury shares transferred to employees	-	(1,070)	-	-	-	-	-	-	-	11,742	10,672	
Treasury shares transferred to employees recognized the cost of compensation	-	21,646	-	-	-	-	-	-	-	-	21,646	
Employee stock option compensation costs	-	9,633	-	-	-	-	-	-	-	-	9,633	
<b>Balance at December 31, 2018</b>	<b>602,137</b>	<b>717,711</b>	<b>65,186</b>	<b>48,241</b>	<b>469,831</b>	<b>583,258</b>	<b>(53,576)</b>	<b>(22,328)</b>	<b>(75,904)</b>	<b>-</b>	<b>1,827,202</b>	
Net profit	-	-	-	-	413,123	413,123	-	-	-	-	413,123	
Other comprehensive income	-	-	-	-	228	228	(49,333)	140	(49,193)	-	(48,965)	
Total comprehensive income	-	-	-	-	413,351	413,351	(49,333)	140	(49,193)	-	364,158	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	25,319	-	(25,319)	-	-	-	-	-	-	
Special reserve	-	-	-	27,663	(27,663)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(102,363)	(102,363)	-	-	-	-	(102,363)	
Stock dividends	60,214	-	-	-	(60,214)	(60,214)	-	-	-	-	-	
New share issued through employees' profit sharing bonus	1,660	18,340	-	-	-	-	-	-	-	-	20,000	
<b>Balance at December 31, 2019</b>	<b>\$ 664,011</b>	<b>736,051</b>	<b>90,505</b>	<b>75,904</b>	<b>667,623</b>	<b>834,032</b>	<b>(102,909)</b>	<b>(22,188)</b>	<b>(125,097)</b>	<b>-</b>	<b>2,108,997</b>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2019 and 2018**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2019	2018
<b>Cash flows generated from (used in) operating activities:</b>		
Profit before tax	\$ 458,144	274,562
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	81,225	20,357
Amortization expense	5,819	6,333
Expected credit loss	20,114	8,280
Interest expense	7,757	1,166
Interest income	(3,824)	(4,629)
Dividend income	(714)	(1,168)
Compensation cost arising from share – based payments	-	31,279
Loss on disposal of property, plant and equipment	11,572	4,497
Loss on disposal of intangible assets	8	-
Gain on lease modification	(2,384)	-
<b>Total adjustments to reconcile profit</b>	<b>119,573</b>	<b>66,115</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in current contract assets	(10,676)	23,887
Increase in notes and accounts receivable, net	(320,353)	(496,897)
Increase in accounts receivable – related parties	(35)	(8,096)
Increase in other receivable	(106)	-
Decrease in inventories	-	137
Decrease (increase) in prepayments	24,218	(22,773)
Increase in other current assets	(370)	(2,554)
<b>Total changes in operating assets</b>	<b>(307,322)</b>	<b>(506,296)</b>
<b>Changes in operating liabilities:</b>		
Decrease in contract liabilities	(9,104)	(24,224)
Increase in accounts payable	12,255	22,584
Increase in accounts payable – related parties	6,223	-
Increase in other payables	77,712	177,041
Increase in other payable – related parties	126	-
Increase (decrease) in other current liabilities	2,388	(293)
Increase (decrease) in net defined benefit liability	235	(224)
<b>Total changes in operating liabilities</b>	<b>89,835</b>	<b>174,884</b>
<b>Net changes in operating assets and liabilities</b>	<b>(217,487)</b>	<b>(331,412)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(97,914)</b>	<b>(265,297)</b>
Cash generated from operations	360,230	9,265
Interest received	4,161	5,884
Interest paid	(11,266)	(1,975)
Income taxes paid	(21,380)	(2,937)
<b>Net cash flows generated from operating activities</b>	<b>331,745</b>	<b>10,237</b>
<b>Cash flows used in investing activities:</b>		
Acquisition of property, plant and equipment	(522,348)	(39,997)
Proceeds from disposal of property, plant and equipment	3,622	34
Increase in refundable deposits	(1,293)	(12,491)
Acquisition of intangible assets	(8,624)	(3,169)
Decrease in other financial assets	269	90,267
Increase in other non-current assets	(1,188)	(294,449)
Dividends received	714	1,168
<b>Net cash flows used in investing activities</b>	<b>(528,848)</b>	<b>(258,637)</b>
<b>Cash flows generated from (used in) financing activities:</b>		
Increase in short-term loans	684,308	664,494
Repayments of short-term loans	(729,055)	(662,520)
Increase in long-term loans	-	91,261
Repayments of long-term loans	(11,431)	(1,132)
Repayments of the principal portion of lease liabilities	(43,446)	-
Cash dividends paid	(102,363)	(21,677)
Proceeds from issuing shares	-	552,000
Treasury shares transferred to employees	-	10,672
<b>Net cash flows generated from (used in) financing activities</b>	<b>(201,987)</b>	<b>633,098</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(21,027)</b>	<b>(194)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(420,117)</b>	<b>384,504</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,295,230</b>	<b>910,726</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 875,113</b>	<b>1,295,230</b>

See accompanying notes to financial statements.

## **Independent Auditors' Report**

To the Board of Directors of Wistron Information Technology And Services Corporation :

### **Opinion**

We have audited the financial statements of Wistron Information Technology And Services Corporation (“the Company”), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants Ruling No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### **1. Revenue recognition**

Please refer to Note 4(l) “Revenue” for accounting policy and Note 6(o) to the parent company only financial statements for the disclosure of revenue recognition.

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

The Company is a listed company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.



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

Our principal audit procedures included testing of the design and implement of controls over sales and collection of receivable transactions; evaluating if there is any significant abnormal changes through performing trend analysis on top 10 customers by comparing the difference between the actual number and the same period last year; assessing and testing the sale transaction voucher to confirm the accurately of revenue recognition; evaluating the adequacy of revenues recognition by testing the sale transactions during the period before and after the balance sheets date.

## **2. Valuation of accounts receivable**

Please refer to Note 4(f) “Financial Instruments” for accounting policy, Note 5 for accounting assumptions, judgments and estimation uncertainty of accounts receivable and Note 6(c) for the disclosure of the valuation of accounts receivable to the parent company only financial statements.

### **Description of key audit matters**

The Company engaged in the information technology service industry. Resulting in significant judgment being applied in the management's assessment of the recoverability of accounts receivable. Consequently, this is one of the key judgmental areas of our audit.

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

Our principal audit procedures included testing the adequacy of the formula of the calculation for expected loss rate; testing the adequacy of aging report by tracing to related vouchers; evaluating the appropriateness of loss allowance and expected credit loss by testing if the loss allowance was made by expected loss rate; assessing if the evaluation document of loss allowance for accounts receivable was compliance with the Company's accounting policy; evaluating the adequacy of the disclosure of loss allowance for accounts receivable prepared by management.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (The Republic of China)  
March 27, 2020

#### **Notes to Readers**

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

The independent auditors' audit report and the accompanying parent company only 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' audit report and parent company only financial statements, the Chinese version shall prevail.



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION**

**Parent Company Only Statements of Comprehensive Income**

**For the years ended December 31, 2019 and 2018**

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

		2019		2018	
		Amount	%	Amount	%
4000	<b>Net revenue</b>	\$ 912,368	100	800,085	100
5000	<b>Cost of sales</b>	<u>(568,105)</u>	<u>(62)</u>	<u>(524,518)</u>	<u>(65)</u>
	<b>Gross profit</b>	<u>344,263</u>	<u>38</u>	<u>275,567</u>	<u>35</u>
	<b>Operating expenses :</b>				
6100	Selling expenses	(19,810)	(2)	(15,173)	(2)
6200	Administrative expenses	(263,966)	(29)	(242,377)	(30)
6450	Expected credit (loss) reversal of provision	<u>629</u>	<u>-</u>	<u>692</u>	<u>-</u>
6300	<b>Total operating expenses</b>	<u>(283,147)</u>	<u>(31)</u>	<u>(256,858)</u>	<u>(32)</u>
	<b>Net operating income</b>	<u>61,116</u>	<u>7</u>	<u>18,709</u>	<u>3</u>
	<b>Non-operating income and expenses :</b>				
7010	Other income	1,882	-	2,206	-
7020	Other gains and losses	31,479	3	50,153	6
7070	Recognized share of subsidiaries, associates and joint ventures accounted for using equity method	342,108	38	193,361	24
7050	Finance costs	<u>(306)</u>	<u>-</u>	<u>(161)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>375,163</u>	<u>41</u>	<u>245,559</u>	<u>30</u>
	<b>Profit before tax</b>	<u>436,279</u>	<u>48</u>	<u>264,268</u>	<u>33</u>
7951	Income tax expenses	<u>(23,156)</u>	<u>(3)</u>	<u>(11,078)</u>	<u>(1)</u>
	<b>Net profit</b>	<u>413,123</u>	<u>45</u>	<u>253,190</u>	<u>32</u>
8300	<b>Other comprehensive income :</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	228	-	(2,278)	-
8312	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	140	-	3,458	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>368</u>	<u>-</u>	<u>1,180</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(1,253)	-	3,799	1
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(48,080)	(5)	(12,920)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>(49,333)</u>	<u>(5)</u>	<u>(9,121)</u>	<u>(1)</u>
8300	<b>Other comprehensive income (loss)</b>	<u>(48,965)</u>	<u>(5)</u>	<u>(7,941)</u>	<u>(1)</u>
	<b>Total comprehensive income</b>	<u>\$ 364,158</u>	<u>40</u>	<u>245,249</u>	<u>31</u>
	<b>Earnings per share (in dollars)</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 6.23</u>		<u>4.75</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 6.17</u>		<u>4.67</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Capital stock		Retained earnings				Other equity				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Total equity
<b>Balance at January 1, 2018</b>	\$ 438,783	255,502	54,262	20,566	322,549	397,377	(44,455)	(25,786)	(70,241)	(11,742)	1,009,679
Net profit	-	-	-	-	253,190	253,190	-	-	-	-	253,190
Other comprehensive income	-	-	-	-	(2,278)	(2,278)	(9,121)	3,458	(5,663)	-	(7,941)
Total comprehensive income	-	-	-	-	250,912	250,912	(9,121)	3,458	(5,663)	-	245,249
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	10,924	-	(10,924)	-	-	-	-	-	-
Special reserve	-	-	-	27,675	(27,675)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(21,677)	(21,677)	-	-	-	-	(21,677)
Stock dividends	43,354	-	-	-	(43,354)	(43,354)	-	-	-	-	-
Cash subscription	120,000	432,000	-	-	-	-	-	-	-	-	552,000
Treasury shares transferred to employees	-	(1,070)	-	-	-	-	-	-	-	11,742	10,672
Treasury shares transferred to employees recognized the cost of compensation	-	21,646	-	-	-	-	-	-	-	-	21,646
Employee stock option compensation costs	-	9,633	-	-	-	-	-	-	-	-	9,633
<b>Balance at December 31, 2018</b>	602,137	717,711	65,186	48,241	469,831	583,258	(53,576)	(22,328)	(75,904)	-	1,827,202
Net profit	-	-	-	-	413,123	413,123	-	-	-	-	413,123
Other comprehensive income	-	-	-	-	228	228	(49,333)	140	(49,193)	-	(48,965)
Total comprehensive income	-	-	-	-	413,351	413,351	(49,333)	140	(49,193)	-	364,158
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	25,319	-	(25,319)	-	-	-	-	-	-
Special reserve	-	-	-	27,663	(27,663)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(102,363)	(102,363)	-	-	-	-	(102,363)
Stock dividends	60,214	-	-	-	(60,214)	(60,214)	-	-	-	-	-
New share issued through employees' profit sharing bonus	1,660	18,340	-	-	-	-	-	-	-	-	20,000
<b>Balance at December 31, 2019</b>	\$ 664,011	736,051	90,505	75,904	667,623	834,032	(102,909)	(22,188)	(125,097)	-	2,108,997

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION**

**Parent Company Only Statements of Cash Flows**

**For the years ended December 31, 2019 and 2018**

**(Expressed in Thousands of New Taiwan Dollars)**

	2019	2018
<b>Cash flows generated from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 436,279	264,268
<b>Adjustments:</b>		
<b>Adjustments to reconcile loss:</b>		
Depreciation expense	14,195	8,681
Amortization expense	4,121	5,780
Expected credit loss (reversal of provision)	(629)	(692)
Interest expense	306	161
Interest income	(1,168)	(1,038)
Dividend income	(714)	(1,168)
Recognized share of subsidiaries, associates and joint ventures accounted for using equity method	(342,108)	(193,361)
Compensation cost arising from share-based payments	-	31,279
Loss on disposal of property, plant and equipment	1,087	7
<b>Total adjustments to reconcile loss</b>	(324,910)	(150,351)
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in current contract assets	6,911	41,760
Increase in notes and accounts receivables, net	(58,079)	(38,972)
Decrease (increase) in accounts receivable—related parties	72,511	(86,920)
Increase in other receivable—related parties	(1,818)	(1,055)
Decrease (increase) in prepayments	(1,350)	67
Decrease (increase) in other current assets	(591)	425
<b>Total changes in operating assets</b>	17,584	(84,695)
<b>Changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities	454	(19,950)
Decrease in accounts payables	(15,502)	(28,178)
Increase in accounts payable—related parties	36	252
Increase in other payables	15,232	40,635
Increase in other payable—related parties	126	-
Increase in other current liabilities	363	1,159
Increase (decrease) in net defined benefit liability	235	(224)
<b>Total changes in operating liabilities</b>	944	(6,306)
<b>Net changes in operating assets and liabilities</b>	18,528	(91,001)
<b>Total changes in operating assets and liabilities</b>	(306,382)	(241,352)
Cash generated from operations	129,897	22,916
Interest received	1,236	1,009
Interest paid	(306)	(161)
Income taxes refund (paid)	(1,874)	2,838
<b>Net cash flows generated from operating activities</b>	128,953	26,602
<b>Cash flows used in investing activities:</b>		
Acquisition of property, plant and equipment	(451,396)	(8,408)
Proceeds from disposal of property, plant and equipment	105	34
Decrease (increase) in refundable deposits	5,393	(3,784)
Acquisition of intangible assets	(5,776)	(2,233)
Decrease (increase) in other financial assets	179	(179)
Increase in other non-current assets	-	(67,422)
Dividends received	714	1,168
<b>Net cash flows used in investing activities</b>	(450,781)	(80,824)
<b>Cash flows generated from (used in) financing activities:</b>		
Increase in short-term loans	128,374	206,000
Repayments of short-term loans	(128,374)	(206,000)
Repayments of the principle portion of lease liabilities	(176)	-
Cash dividends paid	(102,363)	(21,677)
Proceeds from issuing shares	-	552,000
Treasury shares transferred to employees	-	10,672
<b>Net cash flows generated from (used in) financing activities</b>	(102,539)	540,995
<b>Net increase (decrease) in cash and cash equivalents</b>	(424,367)	486,773
<b>Cash and cash equivalents at beginning of year</b>	715,812	229,039
<b>Cash and cash equivalents at end of year</b>	\$ 291,445	715,812

See accompanying notes to parent company only financial statements.

## **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Wistron ITS's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Wistron ITS Corp.. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Wistron ITS Corp.

Convener of the Audit Committee : Frank Juang  
March 23, 2020



## **Wistron Information Technology and Services Corp.**

### **Rules of Transferring Repurchased Shares to Employees for 2020-1st**

#### Article 1: Purpose

To motivate employees and to build cohesion among the employees, in accordance with Article 28-2, Paragraph 1, Subparagraph 1 of the “Securities and Exchange Act” and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by Securities and Futures Bureau, Financial Supervisory Commission R.O.C., the Company adopts “Rules of Transferring Repurchased Shares to Employees for 2020-1st”(The “Rules”). Except for those regulated by relevant laws or regulations, all shares repurchased and transferred to employees of the Company shall be implemented in compliance with the Rules.

#### Article 2: Content of the rights of shares to be transferred and restrictions on such rights

The shares to be transferred to employees are common shares. Rights and obligations are the same as other common shares outstanding, except for those regulated by relevant laws or regulations or in the Rules.

#### Article 3: Transfer period

The repurchased shares can be transferred to employees in one time or various times within 5 years from the date of share-repurchase in accordance with the Rules.

#### Article 4: Eligibility requirements for transferees

For full-time employees of the Company and its domestic and overseas subsidiaries who have joined the Company for more than three months on the subscription record date and who have special contribution to the Company being approved by Chairman are entitled to subscribe the amount specified in Article 5 of the Rules. A target transferee who quits employment (or is in long-term leave without pay) during the period starting from the subscription record date to the ending date for payment period of the subscription forfeits the eligibility of subscription.

The subsidiaries mentioned above are the companies over 50% of the common stocks of which are held directly or indirectly by the Company and with effective control.

#### Article 5: The determination of the numbers of shares to be subscribed by employees

The number of shares to be subscribed by the employees shall be determined by the Company in consideration of employee's position, special contribution, and long-term development with the Company, and then report to the Chairman for approval.

#### Article 6: Procedures for transfer of shares

1. According to the resolution of the Board to make the announcement and filings and repurchase the shares of the Company within the execution period.

2. The Chairman is authorized in accordance with the Rules to establish and announce the subscription record date, the standard for subscription amount, the transfer price, the payment period of the subscription, the content of rights, the conditions of restrictions, and etc.
3. Calculate the actual number of shares being paid with subscription and process the registration of the transfer of shares.
4. Details will be specified in the Enforcement Rules for the above procedures, and then report to Chairman for approval and announcement.

#### Article 7: Transfer price per share

For the repurchased shares being transferred to the employees, the transfer price will be determined by the average price of shares purchased. If the Company's outstanding common shares increase or decrease before the transfer, it may be adjusted according to the increase or decrease ratio of the issued shares.

Formula for transfer price adjustment:

Adjusted transfer price= average actual repurchase price per share \*(Total number of outstanding common shares at the time of filing the repurchase of shares /Total number of outstanding common shares prior to the transfer of the repurchase shares to the employees)

#### Article 8: Rights and obligations after transfer

After the repurchased shares being transferred and registered under employees' names, unless otherwise specified, the rights and obligations of the shares are the same as the other common shares.

#### Article 9: Others

These Rules shall be effective from the date it is approved by Board of Directors, and reported to the Shareholders' Meeting. The same applies for amendment.

The Rules are enacted on March 27, 2020.

## Wistron Information Technology and Services Corp.

### Profit Appropriation Statement for 2019

Unit: NT\$

Item	Amount
Unappropriated retained earnings at the beginning of the year	254,271,110
Plus(Less):	
Net amount transition to IFRS	0
Adjusted unappropriated retained earnings at the beginning of the year	254,271,110
Plus(Less):	
Remeasurements of the defined benefit obligation	228,000
Net Income After Tax	413,122,520
Legal Reserve	(41,335,052)
Special Reserve	(49,191,682)
Retained Earnings Available for Distribution	577,094,896
Distribution Items:	
Cash Dividends to Common Shareholders	(212,483,532)
Unappropriated retained earnings at the end of the year	364,611,364

Note: Cash dividend: NT\$3.2 per share, and the cash dividend is rounded down to the nearest NT dollars; the amount rounded off will be credited to other income of Wistron ITS.

Chairman: Ching Hsiao

President: Ching Hsiao

Controller: Phoebe Chang

## Wistron Information Technology and Services Corp.

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

Items	Original Version	Amended Version	Reason
Article 4	<del>The Company follows Article 28 of the Company Act pertaining to its announcements.</del>	(Delete)	Delete redundant article.
Article 8	<del>The entries in the shareholders’ roster shall be processed in accordance with Article 165 of the Company Act.</del>	(Delete)	Delete redundant article.
Article 8-4	All matters concerning shares of the Company shall be handled in accordance with Company Act and “Regulations Governing Administration of Shareholder Services of Public Companies” except for those regulated by legal or securities authorities.	All matters concerning shares of the Company shall be handled in accordance with Company Act and “Regulations Governing Administration of Shareholder Services of Public Companies”, except for those regulated by legal or securities authorities.	Adjust number of the article.
Article 10	A shareholder unable to personally attend the shareholders’ meeting for whatever cause may vote by proxy with a duly executed appointment form issued by the Company specifying the authorized powers <del>with sign or seal</del> . All matters concerning proxies for attendance at shareholder meetings shall be handled in accordance with “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” issued by the authority, except for those regulated by Article 177 <del>to Article 177-2</del> of the Company Act.	A shareholder unable to personally attend the shareholders’ meeting for whatever cause may vote by proxy with a duly executed appointment form issued by the Company specifying the authorized powers. All matters concerning proxies for attendance at shareholder meetings shall be handled in accordance with “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” issued by the authority, except for those regulated by Article 177 of the Company Act.	To comply with the Company’s operational needs.

Items	Original Version	Amended Version	Reason
Article 11	Except in the circumstances otherwise provided in Article 179 of the Company Act, a shareholder shall have one voting power in respect of each share in his/her/its possession. The Company's shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting, and the method of exercising voting power shall be described in the shareholders' meeting notice.	Except in the circumstances otherwise provided in Article 179 of the Company Act, a shareholder shall have one voting power in respect of each share in his/her/its possession. The Company's shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting, and the method of exercising voting power shall be described in the shareholders' meeting notice.	Chinese Wording adjustment
<del>Article 12-1</del>	<del>The shareholders' meeting shall be presided over by the Chairman of the Board of Directors. In case the Chairman is on leave or absent or unable to exercise his power and authority for any cause, the proxy shall act on his/her behalf in accordance with Article 208 of the Company Act.</del>	(Delete)	Delete redundant article.
Article 12-2-1	Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting may be effected by means of electronic transmission. The Company may distribute the minutes of shareholders' meeting by means of a public notice in accordance with the laws and regulations.	Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting may be effected by means of electronic transmission. The Company may distribute the minutes of shareholders' meeting by means of a public notice in accordance with the laws and regulations.	Adjust number of the article.

Items	Original Version	Amended Version	Reason
Article 13	The Company will have a Board of Directors consisting of five to nine Directors, who will be elected by the shareholders' meeting from among the <del>persons with disposing capacity</del> via the candidate nomination system. Each Director will serve an office term of three years and may be re-elected. The Company shall purchase liability insurance for the Directors to protect them against potential liabilities arising from their exercising of Director duties.	The Company will have a Board of Directors consisting of five to nine Directors, who will be elected by the shareholders' meeting from among the <u>director candidate list</u> via the candidate nomination system. Each Director will serve an office term of three years and may be re-elected. The Company shall purchase liability insurance for the Directors to protect them against potential liabilities arising from their exercising of Director duties.	To comply with the Regulation.
Article 13-1	The Board of Directors shall be composed of at least 3 Independent Directors <del>and not less than one-fifth of the total number of directors, who will be elected via the candidate nomination system in accordance with Article 192-1 of the Company Act.</del> With respect to the Independent Director's professional qualifications, restrictions on shareholdings and concurrent positions held, nomination and election method and other matters shall be implemented in compliance with relevant regulations issued by the securities authority.	The Board of Directors shall be composed of at least 3 Independent Directors, <u>who will be elected by the shareholders' meeting from among the independent director candidate list.</u> With respect to the Independent Director's professional qualifications, restrictions on shareholdings and concurrent positions held, nomination and election method and other matters shall be implemented in compliance with relevant regulations issued by the securities authority.	To comply with the Company's operational needs.
Article 15	The Board of Directors shall be composed of directors and the directors shall elect a Chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a Vice Chairman of the Board. The	The Board of Directors shall be composed of directors and the directors shall elect a Chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a Vice Chairman of the Board. The	To comply with the Company's operational needs.

Items	Original Version	Amended Version	Reason
	Chairman internally presides the shareholders' meeting and the meeting of the Board of Directors, and externally represent the Company.	Chairman internally presides the shareholders' meeting and the meeting of the Board of Directors, and externally represent the Company. <u>The company may set up functional committees for any functions.</u>	
Article 17	In case the Chairman is on leave or absent or unable to exercise his power and authority for any cause, the proxy shall act on his/her behalf in accordance with Article 208 of the Company Act. If a director is on leave or absent for a Board meeting, may consign another director to be his/her proxy. Only one proxy could be consigned, <del>and the proxy shall act on his/her behalf in accordance with Article 205 of the Company Act.</del>	In case the Chairman is on leave or absent or unable to exercise his power and authority for any cause, the proxy shall act on his/her behalf in accordance with Article 208 of the Company Act. If a director is on leave or absent for a Board meeting, may consign another director to be his/her proxy <u>with an appointment form.</u> Only one proxy could be consigned.	To comply with the Company's operational needs.
Article 17-1	<del>When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of directors, the Board of Directors shall exercise in accordance with Article 201 of the Company Act.</del>	(Delete)	Delete redundant article.
Article 18	Remuneration and transportation allowances paid to the Company's directors shall be <del>determined by the Board of Directors' resolution based on the suggestions provided by Remuneration Committee and</del> the overall standards among the industry. The remuneration and transportation allowances will be paid whether the Company has profit or suffered loss.	Remuneration and transportation allowances paid to the Company's directors shall be <u>reported by Remuneration Committee to the Board of Directors</u> based on the overall standards among the industry, <u>and determined by the Board of Directors' resolution.</u> The remuneration and transportation allowances will be paid whether the Company has profit or suffered loss.	To comply with the Company's operational needs.

Items	Original Version	Amended Version	Reason
Article 21-1	<p>If the Company has <del>positive-current profit after tax</del>, shall first pay taxes and dues and cover accumulated losses, and then set aside ten percent of such profits as a legal reserve (not applied if the legal reserve amounts to the paid-in capital). Afterwards, set aside or reverse special reserve in accordance with laws and regulations enacted by authorities. The remaining balance will combine with unappropriated retained earnings at beginning and serve as distributable earnings. No less than 5% of the distributable earnings shall be appropriated as shareholders' dividends and bonuses. Proposal for distribution of earnings shall be proposed by Board of Directors and submit to shareholders' meeting for ratification.</p> <p>(omitting)</p>	<p>If the Company has <u>surplus profit</u>, shall first pay <u>all</u> taxes and dues and cover accumulated losses, and then set aside ten percent of such profits as a legal reserve (not applied if the legal reserve amounts to the paid-in capital). Afterwards, set aside or reverse special reserve in accordance with laws and regulations enacted by authorities. The remaining balance will combine with unappropriated retained earnings at beginning and serve as distributable earnings. No less than 5% of the distributable earnings shall be appropriated as shareholders' dividends and bonuses. Proposal for distribution of earnings shall be proposed by Board of Directors and submit to shareholders' meeting for ratification.</p> <p>(omitting)</p>	To comply with the Regulation and adjust Chinese wording
Article 22-1	<p><del>The organization policies and enforcement rules will be prescribed by Board of Directors.</del></p>	(Delete)	Delete redundant article.



**Wistron Information Technology and Services Corp.**  
**Comparison Between Original and Amendments to**  
**“Procedures for Acquisition and Disposal of Assets”**

Items	Original Version	Amended Version	Reason
Article 5	<p>Procedures for Ratification and Decision of Acquisition or Disposal of Assets</p> <p>1. (omitting)</p> <p>2. Level of Delegation/Authorization: Acquisition or disposal of assets of the Company, except for those regulated by Article 158 of the Company Act shall be submitted to shareholder’s meeting for approval, is authorized to the in-charge department for implementation, and the authorization level is as following:</p> <p>(1) Acquisition or disposal of securities: unless otherwise provided below, it shall be approved by Board of Directors:</p> <p>A. Chairman is authorized to decide and execute by Board of Directors for securities under <del>NT\$50 million</del> <del>(NT\$50,000,000)</del> and the transaction shall be reported to Board of Directors thereafter.</p> <p>B. For the securities acquired or disposed on a centralized securities exchange market or OTC venue, chairman is authorized to decide and execute by Board of Directors for securities under <del>NT\$50 million</del> <del>(NT\$50,000,000)</del> and the transaction shall be reported to Board of Directors thereafter. However, for</p>	<p>Procedures for Ratification and Decision of Acquisition or Disposal of Assets</p> <p>1. (omitting)</p> <p>2. Level of Delegation/Authorization: Acquisition or disposal of assets of the Company, except for those regulated by Article 158 of the Company Act shall be submitted to shareholder’s meeting for approval, is authorized to the in-charge department for implementation, and the authorization level is as following:</p> <p>(1) Acquisition or disposal of securities: unless otherwise provided below, it shall be approved by Board of Directors:</p> <p>A. Chairman is authorized to decide and execute by Board of Directors for securities under <u>NT\$100 million</u> <u>(NT\$100,000,000)</u> and the transaction shall be reported to Board of Directors thereafter.</p> <p>B. For the securities acquired or disposed on a centralized securities exchange market or OTC venue, chairman is authorized to decide and execute by Board of Directors for securities under <u>NT\$100 million</u> <u>(NT\$100,000,000)</u> and the transaction shall be reported to Board of Directors thereafter. However, for</p>	To comply with the Company’s operational needs.

Items	Original Version	Amended Version	Reason
	<p>related party transactions subject to the Article 12 of the Procedures, the provisions of Article 12 shall prevail.</p> <p>C. For short-term idle funds invested in government bonds, domestic bond funds, financial bonds, U.S. Treasury Securities, overseas bond funds of good credit rating, and domestic money market funds, the chief financial officer is authorized to decide and execute when each transaction or daily total amount under <del>NT\$50 million</del> (<del>NT\$50,000,000</del>); and approval of chairman is required when the amount exceeding <del>NT\$50 million</del> (<del>NT\$50,000,000</del>).</p> <p>(2) For acquisition or disposal of real property or right-of-use assets thereof, unless that chairman is authorized to decide and execute by Board of Directors for amount under <del>NT\$50 million</del> (<del>NT\$50,000,000</del>) and the transaction shall be reported to Board of Directors thereafter, it shall be approved by Board of Directors. However, acquisition or disposal of real property or right-of-use assets thereof to related parties are not in the scope of this authorization, and shall be subject to the provisions of Article 12, Paragraph 2 of the Procedures.</p> <p>(3) For acquisition or disposal of the</p>	<p>related party transactions subject to the Article 12 of the Procedures, the provisions of Article 12 shall prevail.</p> <p>C. For short-term idle funds invested in government bonds, domestic bond funds, financial bonds, U.S. Treasury Securities, overseas bond funds of good credit rating, and domestic money market funds, the chief financial officer is authorized to decide and execute when each transaction or daily total amount under <u>NT\$100 million</u> (<u>NT\$100,000,000</u>); and approval of chairman is required when the amount exceeding <u>NT\$100 million</u> (<u>NT\$100,000,000</u>).</p> <p>(2) For acquisition or disposal of real property or right-of-use assets thereof, unless that chairman is authorized to decide and execute by Board of Directors for amount under <u>NT\$100 million</u> (<u>NT\$100,000,000</u>) and the transaction shall be reported to Board of Directors thereafter, it shall be approved by Board of Directors. However, acquisition or disposal of real property or right-of-use assets thereof to related parties are not in the scope of this authorization, and shall be subject to the provisions of Article 12, Paragraph 2 of the Procedures.</p> <p>(3) For acquisition or disposal of the</p>	

Items	Original Version	Amended Version	Reason
	<p>equipment or right-of-use assets thereof and real property right-of-use assets for business use between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, chairman or the authorized personnel are authorized to decide and execute by Board of Directors for amount under <del>NT\$50 million</del> (<del>NT\$50,000,000</del>) and the transaction shall be submitted to and ratified by the most recent Board of Directors thereafter. Acquisition or disposal of equipment or right-of-use assets thereof other than those mentioned in preceding part of this subparagraph, unless the transaction whose amount exceeding <del>NT\$50 million</del> (<del>NT\$50,000,000</del>) shall be approved by Board of Directors, chairman or the authorized personnel are authorized to decide and execute by Board of Directors for amount under <del>NT\$50 million</del> (<del>NT\$50,000,000</del>) and the transaction shall be reported to Board of Directors thereafter.</p> <p>(4) <del>The authorization of acquisition and disposal of derivatives shall be adopted based on the growth of the Company's revenue and the variation of the risk exposure, and come into force by approval</del></p>	<p>equipment or right-of-use assets thereof and real property right-of-use assets for business use between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, chairman or the authorized personnel are authorized to decide and execute by Board of Directors for amount under <u>NT\$100 million</u> (<u>NT\$100,000,000</u>) and the transaction shall be submitted to and ratified by the most recent Board of Directors thereafter. Acquisition or disposal of equipment or right-of-use assets thereof other than those mentioned in preceding part of this subparagraph, unless the transaction whose amount exceeding <u>NT\$100 million</u> (<u>NT\$100,000,000</u>) shall be approved by Board of Directors, chairman or the authorized personnel are authorized to decide and execute by Board of Directors for amount under <u>NT\$100 million</u> (<u>NT\$100,000,000</u>) and the transaction shall be reported to Board of Directors thereafter.</p> <p>(4) The acquisition and disposal of derivatives shall be <u>authorized to</u> the authorized personnel <u>in accordance with "Rules and Procedures for Derivatives Transactions" of the Company,</u></p>	

Items	Original Version	Amended Version	Reason
	<p><del>of chairman or</del> the authorized personnel, and be reported to the most recent Board of Directors.</p> <p>3. (omitting)</p>	<p>and be reported to the most recent Board of Directors.</p> <p>3. (omitting)</p>	
Article 7	<p>Scope and Amount of Acquisition or Disposal of Assets</p> <p>1. Apart from acquisition of assets for business use, the Company may acquire real property or right-of-use assets thereof and securities for non-business use, the limitations on amounts are set forth as follows:</p> <p>(1) Total amount of acquisition of real property or right-of-use assets thereof for non-business use shall not exceed 40 percent of total equity attributable to owners of parent of the Company and long-term liabilities as the most recent financial statement <del>certified</del> or reviewed by CPA.</p> <p>(2) Total amount of securities investments shall not exceed 200 percent of total equity attributable to owners of parent of the Company as the most recent financial statement <del>certified</del> or reviewed by CPA.</p> <p>(3) Amount of individual securities investments shall not exceed 40 percent of total equity attributable to owners of parent of the Company as the most recent financial statement <del>certified</del> or reviewed by CPA.</p> <p>2. As to the subsidiaries of the Company, acquisition or disposal of assets shall not exceed the limitation as following:</p> <p>(1) Real property or right-of-use</p>	<p>Scope and Amount of Acquisition or Disposal of Assets</p> <p>1. Apart from acquisition of assets for business use, the Company may acquire real property or right-of-use assets thereof and securities for non-business use, the limitations on amounts are set forth as follows:</p> <p>(1) Total amount of acquisition of real property or right-of-use assets thereof for non-business use shall not exceed 40 percent of total equity attributable to owners of parent of the Company and long-term liabilities as the most recent financial statement <u>audited</u> or reviewed by CPA.</p> <p>(2) Total amount of securities investments shall not exceed 200 percent of total equity attributable to owners of parent of the Company as the most recent financial statement <u>audited</u> or reviewed by CPA.</p> <p>(3) Amount of individual securities investments shall not exceed 40 percent of total equity attributable to owners of parent of the Company as the most recent financial statement <u>audited</u> or reviewed by CPA.</p> <p>2. As to the subsidiaries of the Company, acquisition or disposal of assets shall not exceed the limitation as following:</p> <p>(1) Real property or right-of-use</p>	<p>To comply with the Company's operational needs and adjust wording.</p>

Items	Original Version	Amended Version	Reason
	<p>assets thereof and securities for non-business use may not be acquired.</p> <p>(2) Total amount of securities investments shall not exceed total equity attributable to owners of parent of the Company as the most recent financial statement <del>certified</del> or reviewed by CPA.</p> <p>(3) Amount of individual securities investments shall not exceed <del>20</del> percent of total equity attributable to owners of parent of the Company as the most recent financial statement <del>certified</del> or reviewed by CPA.</p>	<p>assets thereof and securities for non-business use may not be acquired.</p> <p>(2) Total amount of securities investments shall not exceed total equity attributable to owners of parent of the Company as the most recent financial statement <u>audited</u> or reviewed by CPA.</p> <p>(3) Amount of individual securities investments shall not exceed <u>40</u> percent of total equity attributable to owners of parent of the Company as the most recent financial statement <u>audited</u> or reviewed by CPA.</p>	
Article 8	<p>Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries.</p> <p>1. For the acquisition and disposal of assets by subsidiaries invested by the Company, the “Procedures for Acquisition and Disposal of Assets” shall be enacted, and any amendments hereto, in accordance with regulations, approved by the Board of Directors of the subsidiaries, and submitted to Audit Committee and reported to shareholders’ meeting of the subsidiaries for approval. After approved by shareholders’ meeting of the subsidiaries, it shall be reported to the Board of Directors of the Company for filing.</p> <p>2. When the transaction amount of acquisition or disposal of assets by any subsidiaries of the Company that are not domestic public companies reaches the standards of announcement and filing set forth herein, it shall be</p>	<p>Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries.</p> <p>1. For the acquisition and disposal of assets by subsidiaries invested by the Company, the “Procedures for Acquisition and Disposal of Assets” shall be enacted, and any amendments hereto, in accordance with regulations, approved by the Board of Directors of the subsidiaries, and submitted to Audit Committee <u>or each supervisor</u> and reported to shareholders’ meeting of the subsidiaries for approval. After approved by shareholders’ meeting of the subsidiaries, it shall be reported to the Board of Directors of the Company for filing.</p> <p>2. When the transaction amount of acquisition or disposal of assets by any subsidiaries of the Company that are not domestic public companies reaches the standards of announcement and filing set forth herein, it shall be</p>	To comply with the Company’s operational needs and adjust Chinese wording.

Items	Original Version	Amended Version	Reason
	<p>announced and filed by the Company with copies to relevant authorities as prescribed in the Procedures.</p> <p>3. The paid-in capital or total assets of the Company <del>certified</del> by CPA shall be the standard applicable to the subsidiaries in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 6, Paragraph 1 of the Procedures.</p> <p>4. The Company shall supervise that subsidiaries adopt and implement its “Procedures for Acquisition and Disposal of Assets”, and audit their implementation.</p>	<p>announced and filed by the Company with copies to relevant authorities as prescribed in the Procedures.</p> <p>3. The paid-in capital or total assets of the Company <u>audited or reviewed</u> by CPA shall be the standard applicable to the subsidiaries in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 6, Paragraph 1 of the Procedures.</p> <p>4. The Company shall supervise that subsidiaries adopt and implement its “Procedures for Acquisition and Disposal of Assets”, and audit their implementation.</p>	
Article 11	<p>CPA’s Opinion</p> <p>1. When the transaction amount is 20 percent of the Company’s paid-in capital or NT\$300 million (NT\$300,000,000) or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of “Statement of Auditing Standards No. 20” published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.</p> <p>(omitting)</p>	<p>CPA’s Opinion</p> <p>1. When the transaction amount of <u>acquisition and disposal of securities</u> is 20 percent of the Company’s paid-in capital or NT\$300 million (NT\$300,000,000) or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of “Statement of Auditing Standards No. 20” published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.</p> <p>(omitting)</p>	Adjustment of wording

Items	Original Version	Amended Version	Reason
Article 28	<p>(omitting)</p> <p>10. The Company shall not give up capital increase in the future years on Wistron Information Technology and Service Inc.(referred to “WIBI”), Wistron Information Technology and Service(Japan) Inc.(referred to “WIJP”), and Wistron Information Technology and Service Limited. <del>WIBI shall not give up capital increase in the future years on Wistron Information Technology and Services (Beijing) Inc. (referred to “WIBJ”) and Shanghai Booster Technologies Company Limited. WIJP shall not give up capital increase in the future years on Wistron Information Technology and Service (Japan) Inc.(2). WIBJ shall not give up capital increase in the future years on Beijing Enovation Technology co., Ltd. and Wistron ITS (Wuhan) Co. If in the future, each company is required on the basis of strategic alliances or consent granted from Taipei Exchange, it shall be approved by special resolutions of Board of Directors of the Company. Furthermore, if the Procedures are subsequently amended, the Company shall announce material information in Market Observation Post System and report to Taipei Exchange in the form of letter for recordation.</del></p>	<p>(omitting)</p> <p>10. The Company shall not give up capital increase in the future years on Wistron Information Technology and Service Inc.(referred to “WIBI”), Wistron Information Technology and Service(Japan) Inc.(referred to “WIJP”), and Wistron Information Technology and Service Limited <u>(referred to “WIHK”). The Company shall maintain directly or indirectly holding 100 percent of the issued shares to Wistron ITS (Hong Kong) Limited (referred to “WIHK(II)). WIBI and WIHK(II) shall maintain substantial control over Wistron Information Technology and Services (Beijing) Inc. (referred to “WIBJ”), Shanghai Booster Technologies Company Limited. (referred to “QT”), Beijing Enovation Technology co., Ltd. (referred to “WIYC”), and Wistron ITS (Wuhan) Co. (referred to “WIWZ”), and shall maintain directly or indirectly holding 90 percent or more of the issued shares to them. If in the future, on the basis of strategic alliances or other reasonable grounds, the Company is required to directly or indirectly hold issued shares to WIBI, WIJP, WIHK, and WIHK(II) lower than the percentage mentioned above; or WIBI and WIHK(II) are required to directly or indirectly hold issued shares to WIBJ, QT, WIYC, and WIWZ lower than the percentage mentioned above, it shall be</u></p>	Adjust commitment of listing on TPEX to comply with organization plan

Items	Original Version	Amended Version	Reason
		<p><u>granted consent from Taipei Exchange (referred as “TPEX”), and then</u> approved by special resolutions of Board of Directors of the Company. Furthermore, if the Procedures are subsequently amended, the Company shall announce material information in Market Observation Post System and report to <u>TPEX</u> in the form of letter for recordation.</p>	
Article 29	<p>The Procedures were enacted on June 10, 2003  The 1st amendment was made on February 5, 2004  The 2nd amendment was made on December 24, 2009  The 3rd amendment was made on June 28, 2012.  The 4th amendment was made on June 25, 2013.  The 5th amendment was made on June 18, 2014.  The 6th amendment was made on June 22, 2017.  The 7th amendment was made on June 24, 2019.</p>	<p>The Procedures were enacted on June 10, 2003  The 1st amendment was made on February 5, 2004  The 2nd amendment was made on December 24, 2009  The 3rd amendment was made on June 28, 2012.  The 4th amendment was made on June 25, 2013.  The 5th amendment was made on June 18, 2014.  The 6th amendment was made on June 22, 2017.  The 7th amendment was made on June 24, 2019.  <u>The 8th amendment was made on June 22, 2020.</u></p>	Correspondence to the amendment date.



## Wistron Information Technology and Services Corp.

### Comparison Between Original and Amendments to “Rules of Procedure for Shareholders’ Meetings”

Items	Original Version	Amended Version	Reason
Article 1	The procedures for the Company’s shareholders’ meeting (The “Meeting”) shall be implemented in accordance with these Rules.	The procedures for the Company’s shareholders’ meeting (The “Meeting”), <u>except as otherwise provided by law, regulation, or the Company’s Articles of Incorporation,</u> shall be implemented in accordance with these Rules.	To comply with the Regulation.
Article 2	<p>The Company shall specify in its shareholders’ meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the Meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p>Shareholders attending the Meeting shall sign in. The sign-in procedure is performed by submitting a sign-in cards. The number of shares in attendance shall be calculated according to sign-in cards handed.</p>	<p>The Company shall specify in its shareholders’ meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the Meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p>Shareholders attending the Meeting shall sign in. The sign-in procedure is performed by submitting a sign-in cards. The number of shares in attendance shall be calculated according to sign-in cards handed <u>plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p>	To comply with the Regulation and the Company’s operational needs.

Items	Original Version	Amended Version	Reason
	<p>Shareholders and their proxies (collectively, "shareholders") shall attend the Meetings based on attendance cards. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p>	<p>Shareholders and their proxies (collectively, "shareholders") shall attend the Meetings based on attendance cards, <u>sign-in cards, or other certificates of attendance.</u> Solicitors soliciting proxy forms shall also bring identification documents for verification.</p>	
Article 5	<p><del>When the attending shareholders represent a majority of the total number of issued shares, the chair shall call the Meeting to order. If the quorum is not met over the meeting time, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, pursuant to Article 175 of the Company Act, a tentative resolution may be adopted by agreement of a majority of the votes represented by the attending shareholders.</del></p> <p>When, prior to conclusion of the Meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may <del>call the Meeting to order at any time, and</del> resubmit the tentative resolution for a vote by the Meeting pursuant to Article 174 of the Company Act.</p>	<p>The chair shall call the meeting to order <u>at the appointed meeting time.</u> <u>However, when the attending shareholders do not represent a majority of the total number of issued shares,</u> the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met but the attending shareholders represent one third or more of the total number of issued shares, pursuant to Article 175, <u>paragraph 1</u> of the Company Act, a tentative resolution may be adopted by agreement of a majority of the votes represented by the attending shareholders. <u>All shareholders shall be notified of the tentative resolution and another meeting shall be convened within 1 month.</u></p> <p>When, prior to conclusion of the Meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the Meeting pursuant to Article 174 of the Company Act.</p>	To comply with the Company's operational needs and adjust wording

Items	Original Version	Amended Version	Reason
Article 9	<p>If the Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The Meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Meeting. The provisions of the preceding paragraph apply the same to the Meeting convened by a party with the power to convene that is not the Board of Directors.</p> <p>The chair may not declare the Meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Meeting.</p> <p>When the Meeting is in progress, the chair may announce a break based on time considerations. In case of no conclusion reached at the Meeting, a resolution may be adopted at the Meeting to defer or resume the Meeting within 5 days, and no service of notice or public announcement is required.</p> <p>After the Meeting adjourned, shareholders shall not elect other chair to resume the Meeting at the same or other venue.</p>	<p>If the Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The Meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Meeting. The provisions of the preceding paragraph apply the same to the Meeting convened by a party with the power to convene that is not the Board of Directors.</p> <p>The chair may not declare the Meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Meeting. <u>If the chair declares the Meeting adjourned in violation of the Rules of procedure, may elect a new chair by agreement of a majority of the votes represented by the attending shareholders, and then continue the Meeting.</u></p> <p>When the Meeting is in progress, the chair may announce a break based on time considerations. In case of no conclusion reached at the Meeting, a resolution may be adopted at the Meeting to defer or resume the Meeting within 5 days, and no service of notice or public announcement is required.</p> <p>After the Meeting adjourned, shareholders shall not elect other chair to resume the Meeting at the same or other venue.</p>	To comply with the Company's operational needs

Items	Original Version	Amended Version	Reason
Article 14	<p>Except as otherwise provided by the Company Act or the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.</p> <p><del>A proposal will be deemed as passed and has effect as it is passed by votes if no shareholders object it after chair's consultation. A shareholder shall be entitled to one vote for each share held. In case a shareholder appoints a proxy to attend the Meeting, with the exception of a trust enterprise, when one person is concurrently appointed as proxy by two or more shareholders at the same time, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</del></p>	<p>Except as otherwise provided by the Company Act or the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.</p> <p><u>At the time of a vote, each proposal (including extraordinary motions and amendments to original proposals) shall be called for a vote by the shareholders case-by-case.</u></p>	To comply with the Regulation and the Company's operational needs.
Article 15	<p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p>	<p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required. <u>A shareholder exercising voting rights by correspondence or electronic means, whose rights with respect to</u></p>	To comply with the Regulation and the Company's operational needs.

Items	Original Version	Amended Version	Reason
		<u>the extraordinary motions and amendments to original proposals of the Meeting will be deemed to be abstentions.</u>	
Article 17	<del>In case of incident of force majeure such as air strike alarm, the Meeting shall be stopped and evacuated, and the Meeting be resumed one hour after the termination of the alarm.</del>	<u>If a force majeure event occurs, the chair may rule the Meeting temporarily suspended and announce a time when, in view of the circumstances, to resume the Meeting; or a resolution may be adopted at the Meeting to resume the Meeting within 5 days without notice and public announcement.</u>	To comply with the Company's operational needs.
<del>Article 18</del>	<del>Matters not prescribed under these Rules shall be in accordance with the Company Act and Article of Incorporation of the Company.</del>	(Delete)	Delete redundant article.
Article 19	<del>These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.</del>	(Delete)	Delete redundant article.
<del>Article 20</del> <u>Article 18</u>	These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings. The Rules were enacted on June 28, 2002 The 1st amendment was made on April 26, 2010 The 2nd amendment was made on October 8, 2010 The 3th amendment was made on June 25, 2013	These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings. The Rules were enacted on June 28, 2002 The 1st amendment was made on April 26, 2010 The 2nd amendment was made on October 8, 2010 The 3th amendment was made on June 25, 2013 <u>The 4th amendment was made on June 22, 2020.</u>	Correspondence to the amendment date and adjust article number