

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

### **2021 ANNUAL SHAREHOLDERS MEETING MINUTES**

(Translation)

Time: 9:00 a.m., July 23, 2021

Venue: Conference Room on the 3rd Floor, Building B, Oriental Science Park  
(3F., No. 108, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City)

Total share represented by shareholders present in person or by proxy are 45,795,165 shares, which is 69.65% of the total 65,750,323 outstanding shares (excluding Treasury shares 958,000 shares.)

Attended Directors:

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

Attended Independent Directors:

Frank Juang, the Convener of Audit Committee

Attendees:

Ya-Ling Chen, the Independent Auditor of KPMG

Chairman: Ching Hsiao

Recorder: Yuri Lin

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 2020. (Please refer to Attachment.)
2. Audit Committee's Review Report. (Please refer to Attachment.)
3. To report distribution of employees' profit sharing bonus and directors' remuneration. (Please refer to the Company's Meeting Agenda for Shareholders Meeting)
4. To report amendments to the "Code of Integrity." (Please refer to the Company's Meeting Agenda for Shareholders Meeting)

## II. Election Items

### ITEM 1: Election of one Independent Director of the 13th Board.

Proposal: Submission (by the Board of Directors) of the proposal for electing one Independent Director of the Company's 13th Board.

Details: 1. The Company's 13th Board was elected in 2019 Annual Shareholders Meeting with 9 Directors (including 3 Independent Directors). Due to resignation of Director - Rick Chang, it is proposed to make adjustment to reelect one Independent Director for making up the vacancy to implement corporate governance best practices.

2. Term for reelected Independent Director will be the same as 13th Board, from May 31, 2021 to June 23, 2022.

3. Directors shall be elected by the candidate nomination system as specified in Article 192-1 of the Company Act. The below list of the candidate for one Independent Director:

Title/Name	Academic Qualifications	Major Past Positions	Current Positions (Note 1)	Shareholdings (Note 2)
Independent Director Yen Ling Fang	Doctor of Finance, Xiamen University Master of EMBA, NCCU	Certified Public Accountant of KPMG	CEO of Peace & Grace International Attorneys at Law	0

Note 1: As of the current position on March 10, 2021

Note 2: As per the actual reported number of shares on April 2, 2021

4. Submission for election.

Note: In accordance with instructions from FSC, term for independent director shall be started from actual convening date of the Meeting. Due to postpone of Annual Shareholders Meeting, term for the reelected Independent Director will be from July 23, 2021 to June 23, 2022.

Independent Director ELECTED as following:

ID	Name	Elected Votes
U22040****	Yen Ling Fang	42,740,509

### III. Ratification and Discussion Items

#### ITEM 1: Ratification of the Business Report and Financial Statements of 2020.

Proposal: Submission (by the Board of Directors) of the Company's 2020 Business Report and Financial Statements for ratification.

Details: 1. The Company's Financial Statements for 2020, 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 Attachment 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: 45,795,165

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
45,771,712 (including 27,394,709 votes through e-voting)	99.94	2,908 (including 2,908 votes through e-voting)	0.00	0	0	20,545 (including 20,524 votes through e-voting)	0.04

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

#### ITEM 2: Ratification of the proposal for distribution of 2020 profits.

Proposal: Submission (by the Board of Directors) of the proposal for 2020 earnings distribution for ratification.

Details: 1. Net income after tax is NT\$465,889,399, after deducting remeasurements of the defined benefit obligation of NT\$141,000 and disposal of investments in equity instruments designated at fair value through other comprehensive income NT\$17,453,985, then deducting legal reserve of NT\$44,829,441, and adding up special reserve of NT\$43,884,007 and unappropriate retained earnings in prior years of NT\$364,611,364, therefore the total amount of retained earnings available for distribution is NT\$811,960,344. The dividends and bonuses proposed to be distributed to the shareholders amount to NT\$328,751,615 in cash (NT\$5 per share).

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

3. In the event that, before the ex-dividend record 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 Chairman is authorized to make necessary adjustments at its full discretion.

4. Please refer to Attachment for the Profit Appropriation Statement for 2020.
5. Submission for ratification.

Resolution:

Voting Result: Shares present at the time of voting: 45,795,165

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
45,773,712 (including 27,396,709 votes through e-voting)	99.95	2,907 (including 2,907 votes through e-voting)	0.00	0	0	18,546 (including 18,525 votes through e-voting)	0.04

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

### **ITEM 3: Approval of amendments to the "Rules for Election of Directors."**

Proposal: Submission (by the Board of Directors) of a proposal to amend certain parts of the Company's "Rules for Election of Directors."

Details: 1. To comply with regulations and the Company's operational needs, it is proposed to make amendments to the "Rules for Election of Directors." (Please refer to Attachment for the comparison between the original and the amendments).

2. Please discuss.

Note: In accordance with instructions from FSC, effective date of the Rules shall be started from actual convening date of the Meeting. Due to postpone of Annual Shareholders Meeting, amendment date will be July 23, 2021.

Resolution:

Voting Result: Shares present at the time of voting: 45,795,165

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
44,664,604 (including 26,287,601 votes through e-voting)	97.53	4,014 (including 4,014 votes through e-voting)	0.00	0	0	1,126,547 (including 1,126,526 votes through e-voting)	2.45

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

**ITEM 4: Approval of amendments to the “Procedures for Governing Loaning of Funds.”**

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

Details: 1. To comply with regulations and the Company’s operational needs, it is proposed to make amendments to the “Procedures for Governing Loaning of Funds.” (Please refer to Attachment for the comparison between the original and the amendments).

2. Please discuss.

Note: In accordance with instructions from FSC, effective date of the Procedures shall be started from actual convening date of the Meeting. Due to postpone of Annual Shareholders Meeting, amendment date will be July 23, 2021.

Resolution:

Voting Result: Shares present at the time of voting: 45,795,165

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
44,665,601 (including 26,288,598 votes through e-voting)	97.53	3,018 (including 3,018 votes through e-voting)	0.00	0	0	1,126,546 (including 1,126,525 votes through e-voting)	2.45

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

**ITEM 5: Approval of release of the prohibition on Directors from participation in competitive business.**

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

Details: 1. Pursuant to Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.” In the event that, nominee of independent director participates in the operations of another company that engages in the same or similar business scope as the Company, as well as directors and their corporate representatives newly participate in the operations of another company that engages in the same or similar business scope as the Company, it is hereby proposed to release the prohibition on them from participation in the competitive business.

2. Please refer to Attachment for the “List of Outside Directorships for Independent Director Nominee and Newly-added Outside Directorships for Directors (including Independent Directors).”

3. Please discuss.

Resolution:

Voting Result: Shares present at the time of voting: 45,795,165

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
44,651,169 (including 26,274,166 votes through e-voting)	97.50	6,310 (including 6,310 votes through e-voting)	0.01	0	0	1,137,686 (including 1,137,665 votes through e-voting)	2.48

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

**IV. Extemporaneous Motion:** None.

Shareholder (No. 485) has some queries and all queries have been given detailed replies by the Chairman as well as persons in charge.

**V. Meeting Adjourned:** 10:05 a.m., July 23, 2021

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. 2020: A Year in Review**

The year 2020 has been a year full of challenges. With Covid-19 ravaging the world, Wistron ITS has been able to quickly initiate our response mechanism. We developed a healthcare system and initiated a disease prevention initiative that allowed us to return to work, whilst also caring for the health and safety of our employees. We also adapted to new, diverse working modes of our clients, maintaining our position as the backbone of their operations through this challenging time. With all these measures, our revenue quickly bounced back from its initial dip. Although our overall revenue had been slightly reduced due to both the pandemic as well as the deflation of US dollars, our optimization efforts in operation and management has helped us in achieving outstanding profits in 2020 nonetheless.

In 2020, Wistron ITS also achieved CMMI Level 5 certification, the highest level of Capability Maturity Model Integration (CMMI), demonstrating Wistron's capabilities in software development processes, organization, technology development, project management, and solution delivery at the highest international standards. This further demonstrates that Wistron has the soft power to prevent mishaps during project implementation and to proactively improve processes, utilize new technologies to achieve process optimization, making Wistron ITS more competitive in the international market.

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

Wistron ITS reported a consolidated revenue of NT\$5,101 million, net profit of NT\$466 million and basic earnings per share of NT\$7.06 in 2020, compared to consolidated revenue of NT\$5,323 million, net profit of NT\$413 million and basic earnings per share of NT\$6.23 for the previous year. Gross margin rate was 25.8% in 2020, compared to 24.5%; operating profit rate was 9.5%, compared to 8.2%; and net profit rate was 9.1%, compared to 7.8% for the previous year.

As mentioned before, despite having a small decline in revenue for 2020, we still performed better in profit than 2019. The gross margin rate, operating profit rate and net profit rate all showed significant increase, with the basic earnings per share also reaching a new height. Thus, we were able to achieve our fifth consecutive years of profit growth.

#### **C. 2021: A New Beginning**

Looking ahead to 2021, the industry outlook is optimistic, and our performance is steadily rising. Wistron ITS continues to focus on the four markets of Taiwan, China, Japan and the U.S., and we project a return to business growth which will maintain a healthy profit.

Taiwan's successful pandemic prevention has enabled us to continue our steady economic growth. In addition, the information and digital industries are among the six core strategic industries promoted by the National Development Council (NDC) of Taiwan. The demand

for information services from customers in the financial, telecom, and manufacturing industries also continues to grow. Wistron ITS aims focus on emerging digital applications, fintech, smart manufacturing, 5G upgrades, and other areas to cultivate large customers. At one with the market trends, we hope to achieve an even better performance for 2021.

The company is actively developing the mainland market, and the new infrastructure plan in mainland China includes 5G infrastructure, big data center, artificial intelligence and industrial internet as key development areas. The main body of the domestic circular economy will converge with the data era, and related products, services, and lifestyles will simultaneously drive the demand for information services. Wistron ITS has recently been qualified as a Tier 1 indicator supplier in China and we are on our way to achieve breakthroughs and results.

In Japan and the United States, the impact of the pandemic is expected to gradually fade this year as the vaccine roll out begins and vaccination rate continues to grow, and it is expected that the Japanese and U.S. markets will soon start to recover.

Driven by digital technology, industry paradigms are shifting and bringing about economic model innovation, and software is at the core of these emerging technologies. The digital economy is expected to redefine consumer behavior and business models through a variety of innovative digital technologies, combined with cross-domain integration platforms and innovative service models. These include AI, big data, cloud services, financial technology, Internet of Things, 5G applications, virtual reality/augmented reality, etc., which are all key elements of the next wave of digital transformation. It is not easy for enterprises to develop technical talents in emerging technology fields, and new services and applications may be unfamiliar to them, but these areas are where the strength of Wistron ITS lies. In the foreseeable future, we believe that the demand for information services in these areas, applications and services will continue to grow, and this is where the opportunities lie for Wistron ITS.

As we embrace new opportunities and open new horizons, we will continue to strengthen the Wistron ITS talent pipeline and recruit the key personnel needed for future growth, in addition to deepening our development in the promising emerging technology areas mentioned above. At the forefront of technology development, Wistron ITS shall continue to transform our digital presence, optimizing and reengineering our organization and processes in all areas of business, operations, and employee services to enhance the competitiveness of Wistron ITS and maintain our advantages.

We thank all our shareholders for their encouragement and support, which has enabled us to continue to grow our business. Wistron ITS will continue to work hard to maximize the benefits for all shareholders.

Sincerely Yours,  
and with warm regards,

Chairman: Ching Hsiao

President: Ching Hsiao

Controller: Phoebe Chang



Attachment

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

The Board of Directors has prepared the Company's 2020 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 10, 2021

## **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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accounts, 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, 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. 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.

### **Valuation of notes and accounts receivable**

Please refer to Note 4(g) “Financial Instruments” for accounting policy, Note 5 for accounting assumptions, judgments and estimation uncertainty of notes and accounts receivable and Note 6(c) for the disclosure of the valuation of notes and 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 notes and accounts receivable. Consequently, the valuation of notes and accounts receivable is identified as the key matter in 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 notes and accounts receivable was compliance with the Group’s accounting policy; evaluating the adequacy of the disclosure of loss allowance for notes and 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, 2020 and 2019, 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 10, 2021

#### **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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019			December 31, 2020		December 31, 2019		
	Amount	%	Amount	%		Amount	%	Amount	%	
<b>Assets</b>										
Current assets:										
1100 Cash and cash equivalents	\$ 1,175,302	33	875,113	26	2130	Current contract liabilities	\$ 20,151	-	14,480	-
1140 Current contract assets	31,134	1	53,785	2	2170	Accounts payable	109,134	3	165,617	5
1170 Notes and accounts receivable, net	1,450,961	40	1,375,045	41	2180	Accounts payable-related parties	-	-	6,060	-
1180 Accounts receivable-related parties, net	16,964	-	19,476	1	2219	Other payables	850,951	23	697,494	21
1200 Other receivables	72	-	179	-	2220	Other payables-related parties	440	-	126	-
1220 Current tax assets	918	-	-	-	2230	Current tax liabilities	63,538	2	42,609	1
1410 Prepayments	15,712	-	14,495	-	2399	Other current liabilities	25,034	1	26,449	1
1470 Other current assets	17,432	-	1,222	-	2280	Current lease liabilities	23,150	1	38,696	1
Total current assets	<u>2,708,495</u>	<u>74</u>	<u>2,339,315</u>	<u>70</u>	2322	Long-term borrowings, current portion	7,984	-	45,873	2
Non-current assets:						Total current liabilities	<u>1,100,382</u>	<u>30</u>	<u>1,037,404</u>	<u>31</u>
1517 Non-current financial assets at fair value through other comprehensive income	-	-	13,212	-	2540	Non-Current liabilities:				
1600 Property, plant and equipment	810,501	22	853,356	25	2570	Long-term loans	64,123	2	71,320	2
1755 Right-of-use assets	54,300	2	64,579	2	2580	Deferred tax liabilities	99,878	3	108,072	3
1780 Intangible assets	32,870	1	32,036	1	2640	Non-current lease liabilities	25,721	1	20,526	1
1840 Deferred tax assets	22,475	1	22,448	1	2670	Net defined benefit liability, non-current	16,065	-	15,375	-
1900 Other non-current assets	15,536	-	36,748	1		Other non-current liabilities	2,790	-	-	-
Total non-current assets	<u>935,682</u>	<u>26</u>	<u>1,022,379</u>	<u>30</u>		Total non-current liabilities	<u>208,577</u>	<u>6</u>	<u>215,293</u>	<u>6</u>
						Total liabilities	<u>1,308,959</u>	<u>36</u>	<u>1,252,697</u>	<u>37</u>
						Equity:				
					3100	Capital stock	667,083	18	664,011	20
					3200	Capital surplus	753,005	21	736,051	22
					3300	Retained earnings	1,069,842	29	834,032	25
					3400	Other equity	(81,212)	(2)	(125,097)	(4)
					3500	Treasury shares	(73,500)	(2)	-	-
						Total equity	<u>2,335,218</u>	<u>64</u>	<u>2,108,997</u>	<u>63</u>
Total assets	<u>\$ 3,644,177</u>	<u>100</u>	<u>3,361,694</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,644,177</u>	<u>100</u>	<u>3,361,694</u>	<u>100</u>

(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, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 Net revenue	\$ 5,100,895	100	5,323,464	100
5000 Cost of Sales	<u>(3,787,181)</u>	<u>(74)</u>	<u>(4,020,905)</u>	<u>(76)</u>
Gross profit	<u>1,313,714</u>	<u>26</u>	<u>1,302,559</u>	<u>24</u>
Operating expenses				
6100 Selling expenses	(131,522)	(2)	(123,700)	(2)
6200 Administrative expenses	(660,142)	(13)	(711,873)	(13)
6300 Research and development expenses	(9,784)	-	(8,273)	-
6450 Expected credit loss	<u>(27,691)</u>	<u>(1)</u>	<u>(20,114)</u>	<u>(1)</u>
Total operating expenses	<u>(829,139)</u>	<u>(16)</u>	<u>(863,960)</u>	<u>(16)</u>
Net operating income	<u>484,575</u>	<u>10</u>	<u>438,599</u>	<u>8</u>
Non-operating income and expenses:				
7100 Interest income	5,417	-	3,824	-
7010 Other income	61,761	1	21,736	1
7020 Other gains and losses	3,491	-	1,742	-
7050 Finance costs	<u>(5,950)</u>	<u>-</u>	<u>(7,757)</u>	<u>-</u>
Total non-operating income and expenses	<u>64,719</u>	<u>1</u>	<u>19,545</u>	<u>1</u>
Profit before tax	549,294	11	458,144	9
7950 Income tax expenses	<u>(83,405)</u>	<u>(2)</u>	<u>(45,021)</u>	<u>(1)</u>
Net profit	<u>465,889</u>	<u>9</u>	<u>413,123</u>	<u>8</u>
8300 Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(141)	-	228	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	4,734	-	140	-
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>
Total items that will not be reclassified subsequently to profit or loss	<u>4,593</u>	<u>-</u>	<u>368</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	21,697	1	(49,333)	(1)
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>
Total items that may be reclassified subsequently to profit or loss	<u>21,697</u>	<u>1</u>	<u>(49,333)</u>	<u>(1)</u>
8300 Other comprehensive income (loss)	<u>26,290</u>	<u>1</u>	<u>(48,965)</u>	<u>(1)</u>
Total comprehensive income	<u>\$ 492,179</u>	<u>10</u>	<u>364,158</u>	<u>7</u>
Earnings per share (in dollars)				
9750 Basic earnings per share	<u>\$ 7.06</u>		<u>6.23</u>	
9850 Diluted earnings per share	<u>\$ 6.98</u>		<u>6.17</u>	

(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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Capital stock	Retained earnings					Other equity				Treasury shares	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			
Balance at January 1, 2019	\$ 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	
Balance at December 31, 2019	664,011	736,051	90,505	75,904	667,623	834,032	(102,909)	(22,188)	(125,097)	-	2,108,997	
Net profit	-	-	-	-	465,889	465,889	-	-	-	-	465,889	
Other comprehensive income	-	-	-	-	(141)	(141)	21,697	4,734	26,431	-	26,290	
Total comprehensive income	-	-	-	-	465,748	465,748	21,697	4,734	26,431	-	492,179	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	41,335	-	(41,335)	-	-	-	-	-	-	
Special reserve	-	-	-	49,193	(49,193)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(212,484)	(212,484)	-	-	-	-	(212,484)	
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(73,500)	(73,500)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(17,454)	(17,454)	-	17,454	17,454	-	-	
New share issued through employees' profit sharing bonus	3,072	16,928	-	-	-	-	-	-	-	-	20,000	
Due to donated assets received	-	26	-	-	-	-	-	-	-	-	26	
Balance at December 31, 2020	\$ 667,083	753,005	131,840	125,097	812,905	1,069,842	(81,212)	-	(81,212)	(73,500)	2,335,218	



(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, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 549,294	458,144
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	97,548	81,225
Amortization expense	5,843	5,819
Expected credit loss	27,691	20,114
Interest expense	5,950	7,757
Interest income	(5,417)	(3,824)
Dividend income	(260)	(714)
Loss on disposal of property, plant and equipment	1,357	11,572
Loss on disposal of intangible assets	-	8
Loss (gain) on lease modification	267	(2,384)
Rent concession	(729)	-
Total adjustments to reconcile profit	<u>132,250</u>	<u>119,573</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in current contract assets	23,167	(10,676)
Increase in notes and accounts receivable, net	(93,514)	(320,353)
Decrease (increase) in accounts receivable — related parties	2,212	(35)
Decrease (increase) in other receivables	31	(106)
Decrease (increase) in prepayments	(954)	24,218
Decrease (increase) in other current assets	325	(370)
Total changes in operating assets	<u>(68,733)</u>	<u>(307,322)</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	5,615	(9,104)
Increase (decrease) in accounts payable	(56,795)	12,255
Increase (decrease) in accounts payable — related parties	(5,972)	6,223
Increase in other payables	171,217	77,712
Increase in other payables — related parties	314	126
Increase (decrease) in other current liabilities	(1,552)	2,388
Increase in net defined benefit liability	549	235
Total changes in operating liabilities	<u>113,376</u>	<u>89,835</u>
Net changes in operating assets and liabilities	<u>44,643</u>	<u>(217,487)</u>
Total changes in operating assets and liabilities	<u>176,893</u>	<u>(97,914)</u>
Cash generated from operations	726,187	360,230
Interest received	5,491	4,161
Interest paid	(5,986)	(11,266)
Income taxes paid	(72,254)	(21,380)
Net cash flows generated from operating activities	<u>653,438</u>	<u>331,745</u>
Cash flows used in investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	17,946	-
Acquisition of property, plant and equipment	(12,733)	(522,348)
Proceeds from disposal of property, plant and equipment	220	3,622
Decrease (increase) in refundable deposits	7,334	(1,293)
Acquisition of intangible assets	(5,539)	(8,624)
Decrease in other financial assets	-	269
Increase in other non-current assets	(3,818)	(1,188)
Dividends received	260	714
Net cash flows generated from (used in) investing activities	<u>3,670</u>	<u>(528,848)</u>
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	452,233	684,308
Repayments of short-term loans	(452,233)	(729,055)
Repayments of long-term loans	(45,794)	(11,431)
Repayments of the principal portion of lease liabilities	(39,410)	(43,446)
Cash dividends paid	(212,484)	(102,363)
Payments to acquire treasury shares	(73,500)	-
Due to donated assets received	26	-
Net cash flows used in financing activities	<u>(371,162)</u>	<u>(201,987)</u>
Effect of exchange rate changes on cash and cash equivalents	14,243	(21,027)
Net increase (decrease) in cash and cash equivalents	300,189	(420,117)
Cash and cash equivalents at beginning of year	875,113	1,295,230
Cash and cash equivalents at end of year	<u>\$ 1,175,302</u>	<u>875,113</u>

## **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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 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. Furthermore, 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. Our responsibilities under those standards are further described in the Auditors' 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.

#### **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, the valuation of accounts receivable is identified as the key matter in 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 10, 2021

#### **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 Balance Sheets**

**December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 167,356	6	291,445	12	2130	Current contract liabilities	\$ 4,848	-	2,924	-
1140	Current contract assets	10,970	1	13,015	1	2170	Accounts payable	2,435	-	8,068	-
1170	Accounts receivable, net	214,537	8	209,608	9	2180	Accounts payable—related parties	-	-	1,518	-
1180	Accounts receivable—related parties, net	27,724	1	32,702	1	2200	Other payables	269,291	10	227,620	9
1200	Other receivables	62	-	75	-	2220	Other payables—related parties	440	-	126	-
1210	Other receivables—related parties	3,151	-	9,049	-	2230	Current tax liabilities	16,554	1	19,131	1
1410	Prepayments	1,292	-	1,397	-	2280	Current lease liabilities	449	-	425	-
1470	Other current assets	6,662	-	1,221	-	2399	Other current liabilities	5,545	-	6,454	-
	Total current assets	431,754	16	558,512	23		Total current liabilities	299,562	11	266,266	10
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income	-	-	13,212	1	2570	Deferred tax liabilities	61,976	2	60,137	3
1550	Investments accounted for using equity method	1,763,445	65	1,336,069	55	2640	Net defined benefit liability, non-current	16,065	1	15,375	1
1600	Property, plant and equipment	502,975	19	519,985	21	2580	Non-current lease liabilities	274	-	722	-
1755	Right-of-use assets	735	-	1,176	-		Total non-current liabilities	78,315	3	76,234	4
1780	Intangible assets	8,254	-	7,210	-		Total liabilities	377,877	14	342,500	14
1840	Deferred tax assets	5,932	-	6,233	-		Equity :				
1900	Other non-current assets	-	-	9,100	-	3100	Capital stock	667,083	25	664,011	27
	Total non-current assets	2,281,341	84	1,892,985	77	3200	Capital surplus	753,005	28	736,051	30
						3300	Retained earnings	1,069,842	39	834,032	34
						3400	Other equity	(81,212)	(3)	(125,097)	(5)
						3500	Treasury shares	(73,500)	(3)	-	-
							Total equity	2,335,218	86	2,108,997	86
Total assets		\$ 2,713,095	100	2,451,497	100		Total liabilities and equity	\$ 2,713,095	100	2,451,497	100

(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, 2020 and 2019**  
(Expressed in Thousands of New Taiwan Dollars, except for earnings per common share)

	2020		2019	
	Amount	%	Amount	%
4000 Net revenue	\$ 1,006,451	100	912,368	100
5000 Cost of sales	<u>(666,159)</u>	<u>(66)</u>	<u>(568,105)</u>	<u>(62)</u>
Gross profit	<u>340,292</u>	<u>34</u>	<u>344,263</u>	<u>38</u>
Operating expenses :				
6100 Selling expenses	(24,270)	(2)	(19,810)	(2)
6200 Administrative expenses	(240,348)	(24)	(263,966)	(29)
6450 Expected credit reversal of provision	<u>93</u>	<u>-</u>	<u>629</u>	<u>-</u>
6300 Total operating expenses	<u>(264,525)</u>	<u>(26)</u>	<u>(283,147)</u>	<u>(31)</u>
Net operating income	<u>75,767</u>	<u>8</u>	<u>61,116</u>	<u>7</u>
Non-operating income and expenses:				
7100 Interest income	473	-	1,168	-
7010 Other income	278	-	714	-
7020 Other gains and losses	32,756	3	31,479	3
7070 Recognized share of subsidiaries, associates and joint ventures accounted for using equity method	385,679	38	342,108	38
7050 Finance costs	<u>(218)</u>	<u>-</u>	<u>(306)</u>	<u>-</u>
Total non-operating income and expenses	<u>418,968</u>	<u>41</u>	<u>375,163</u>	<u>41</u>
Profit before tax	494,735	49	436,279	48
7951 Income tax expenses	<u>(28,846)</u>	<u>(3)</u>	<u>(23,156)</u>	<u>(3)</u>
Net profit	<u>465,889</u>	<u>46</u>	<u>413,123</u>	<u>45</u>
8300 Other comprehensive income :				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(141)	-	228	-
8312 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	4,734	1	140	-
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>
Total items that will not be reclassified subsequently to profit or loss	<u>4,593</u>	<u>1</u>	<u>368</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(2,808)	-	(1,253)	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	24,505	2	(48,080)	(5)
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>
Total items that may be reclassified subsequently to profit or loss	<u>21,697</u>	<u>2</u>	<u>(49,333)</u>	<u>(5)</u>
8300 Other comprehensive income (loss)	<u>26,290</u>	<u>3</u>	<u>(48,965)</u>	<u>(5)</u>
Total comprehensive income	<u>\$ 492,179</u>	<u>49</u>	<u>364,158</u>	<u>40</u>
Earnings per share (in dollars)				
9750 Basic earnings per share	<u>\$ 7.06</u>		<u>6.23</u>	
9850 Diluted earnings per share	<u>\$ 6.98</u>		<u>6.17</u>	

(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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Capital stock		Retained earnings				Other equity				Treasury shares	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			
Balance at January 1, 2019	\$ 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 employee's profit sharing bonus	1,660	18,340	-	-	-	-	-	-	-	-	20,000	
Balance at December 31, 2019	664,011	736,051	90,505	75,904	667,623	834,032	(102,909)	(22,188)	(125,097)	-	2,108,997	
Net profit	-	-	-	-	465,889	465,889	-	-	-	-	465,889	
Other comprehensive income	-	-	-	-	(141)	(141)	21,697	4,734	26,431	-	26,290	
Total comprehensive income	-	-	-	-	465,748	465,748	21,697	4,734	26,431	-	492,179	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	41,335	-	(41,335)	-	-	-	-	-	-	
Special reserve	-	-	-	49,193	(49,193)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(212,484)	(212,484)	-	-	-	-	(212,484)	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(73,500)	(73,500)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(17,454)	(17,454)	-	17,454	17,454	-	-	
New Share issued through employee's profit sharing bonus	3,072	16,928	-	-	-	-	-	-	-	-	20,000	
Due to donated assets received	-	26	-	-	-	-	-	-	-	-	26	
Balance at December 31, 2020	\$ 667,083	753,005	131,840	125,097	812,905	1,069,842	(81,212)	-	(81,212)	(73,500)	2,335,218	

(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, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 494,735	436,279
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	18,729	14,195
Amortization expense	3,063	4,121
Expected credit reversal of provision	(93)	(629)
Interest expense	218	306
Interest income	(473)	(1,168)
Dividend income	(260)	(714)
Recognized share of subsidiaries, associates and joint ventures accounted for using equity method	(385,679)	(342,108)
Loss on disposal of property, plant and equipment	(41)	1,087
Total adjustments to reconcile loss	(364,536)	(324,910)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in current contract assets	2,108	6,911
Increase in accounts receivable, net	(4,899)	(58,079)
Decrease in accounts receivable — related parties	4,978	72,511
Increase in other receivable	(61)	-
Decrease (increase) in other receivables — related parties	5,898	(1,818)
Decrease (increase) in prepayments	105	(1,350)
Decrease (increase) in other current assets	337	(591)
Total changes in operating assets	8,466	17,584
Changes in operating liabilities:		
Increase in contract liabilities	1,924	454
Decrease in accounts payable	(5,633)	(15,502)
Increase (decrease) in accounts payable — related parties	(1,518)	36
Increase in other payables	41,671	15,232
Increase in other payables — related parties	314	126
Increase (decrease) in other current liabilities	(909)	363
Increase in net defined benefit liability	549	235
Total changes in operating liabilities	36,398	944
Net changes in operating assets and liabilities	44,864	18,528
Total changes in operating assets and liabilities	(319,672)	(306,382)
Cash generated from operations	175,063	129,897
Interest received	547	1,236
Interest paid	(218)	(306)
Income taxes paid	(29,283)	(1,874)
Net cash flows generated from operating activities	146,109	128,953
Cash flows used in investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	17,946	-
Acquisition of property, plant and equipment	(1,278)	(451,396)
Proceeds from disposal of property, plant and equipment	41	105
Decrease in refundable deposits	3,322	5,393
Acquisition of intangible assets	(4,107)	(5,776)
Decrease in other financial assets	-	179
Dividends received	260	714
Net cash flows generated from (used in) investing activities	16,184	(450,781)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	166,276	128,374
Repayments of short-term loans	(166,276)	(128,374)
Repayments of the principle portion of lease liabilities	(424)	(176)
Cash dividends paid	(212,484)	(102,363)
Payments to acquire treasury shares	(73,500)	-
Due to donated assets received	26	-
Net cash flows used in financing activities	(286,382)	(102,539)
Net increase (decrease) in cash and cash equivalents	(124,089)	(424,367)
Cash and cash equivalents at beginning of year	291,445	715,812
Cash and cash equivalents at end of year	\$ 167,356	291,445



## Wistron Information Technology and Services Corp.

### Profit Appropriation Statement for 2020

Unit: NT\$

Item	Amount
<b>Net Income After Tax of 2020</b>	<b>465,889,399</b>
Plus (Less):	
Remeasurements of the defined benefit obligation	(141,000)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(17,453,985)
Legal Reserve	(44,829,441)
Special Reserve	43,884,007
<b>Unappropriated retained earnings of 2020</b>	<b>447,348,980</b>
Plus (Less):	
Unappropriated retained earnings in prior years	364,611,364
<b>Retained Earnings Available for Distribution</b>	<b>811,960,344</b>
Distribution Items:	
Cash Dividends to Common Shareholders (Note)	(328,751,615)
<b>Unappropriated retained earnings at the end of the year</b>	<b>483,208,729</b>

Note: 1. Cash dividend: NT\$5 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.

2. Dividend is calculated by outstanding shares deducting shares not be entitled to exercise the rights of a shareholder in accordance with the Company Act.

Chairman: Ching Hsiao

President: Ching Hsiao

Controller: Phoebe Chang

**Wistron Information Technology and Services Corp.**  
**Comparison between Original and Amendments to**  
**“Rules for Election of Directors”**

Items	Original Version	Amended Version	Reason
Article 2	Directors of the Company will be elected by the shareholders meeting from among <del>the persons with disposing capacity.</del>	Directors of the Company will be elected by the shareholders meeting from among <u>director candidate list via candidate nomination system in accordance with Article 192-1 of the Company Act.</u>	To comply with the Regulation.
Article 3	The <del>single named</del> cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected <del>depends on its voting power,</del> and may be cast for a single candidate or split among multiple candidates.	The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.	To comply with the Company’s operational needs.
Article 4	<del>Independent Directors of the Company shall be elected via the candidate nomination system in accordance with Article 192-1 of the Company Act.</del>	<u>The number of directors will be as specified in the Company’s “Articles of Incorporation”. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes.</u>	To comply with the Regulation.
Article 6	The Board of Directors shall have the ballots numbered in a series and specify the number of voting rights on the ballots when preparing the ballots.	The Board of Directors <u>or other person with the right to convene</u> shall have the ballots numbered in a series and specify the number of voting rights on the ballots when preparing the ballots.	To comply with the Company’s operational needs.
Article 7	When the election begins, the chair shall appoint vote monitoring and counting personnel to perform the respective duties of vote monitoring and counting. The vote	When the election begins, the chair shall appoint vote monitoring and counting personnel to perform the respective duties of vote monitoring and counting. The vote	To comply with the Regulation.

Items	Original Version	Amended Version	Reason
	monitoring personnel <del>may</del> be appointed from among shareholders.	monitoring personnel <u>shall</u> be appointed from among shareholders.	
Article 8	The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.	The ballot boxes shall be prepared by the Board of Directors <u>or other person with the right to convene</u> and publicly checked by the vote monitoring personnel before voting commences.	To comply with the Company's operational needs.
Article 9	<del>Voting shareholders shall fill in candidate's name and shareholder's account number on the ballot. If candidate is not a shareholder, the candidate's ID Number (or passport number for foreigner) shall be filled in. Voting shareholders shall drop the ballots into the ballot box. If a candidate is legal entity, the full registered name of the legal entity or name of its legal representative may be entered on the ballot.</del>	( Delete )	Delete to comply with the Regulation.
Article 10	A ballot is invalid under any of the following circumstances: 1. The ballot was not placed in the ballot box. 2. The ballot was not prepared by the <del>Company</del> . 3. A blank ballot not filled by voting shareholders. 4. The candidate whose name <del>or shareholder's account number</del> does not <del>match to register of shareholders</del> . 5. Other words or marks are entered in addition to the candidate's name <del>and shareholder's account number</del> . 6. <del>The candidate's name, shareholder's account number,</del>	A ballot is invalid under any of the following circumstances: 1. The ballot was not placed in the ballot box. 2. The ballot was no prepared by the <u>Board of Directors or other person with the right to convene</u> . 3. A blank ballot not filled by voting shareholders. 4. The candidate whose name <u>is entered in the ballot</u> does not <u>conform to the director candidate list</u> . 5. Other words or marks are entered in addition to <u>the number of voting rights allotted</u> and the candidate's name.	To comply with the Regulation.

Items	Original Version	Amended Version	Reason
	<p><del>or number of voting rights – allotted, either one has been altered.</del></p> <p>7. The writing is unclear or indecipherable.</p> <p>8. <del>The candidate’s name has been filled, but shareholder’s account number or ID number (or passport number) has not been filled to identify.</del></p>	<p><u>6. The writing is unclear and indecipherable or has been altered.</u></p>	
Article 11	<p>The vote monitoring personnel shall monitor the calculation of the ballot, and the results of the calculation shall be announced by the chair on the site.</p>	<p>The vote monitoring personnel shall monitor the calculation of the ballot, and the results of the calculation, <u>including the list of persons elected as directors and the numbers of votes with which they were elected and the list of persons unelected as directors and the numbers of votes with which they were voted,</u> shall be announced by the chair on the site.</p>	To comply with the Regulation.
Article 13	<p>The Rules were enacted on June 28, 2001.</p> <p>The 1st amendment was made on June 25, 2013.</p>	<p>The Rules were enacted on June 28, 2001.</p> <p>The 1st amendment was made on June 25, 2013.</p> <p><u>The 2nd amendment was made on July 23, 2021.</u></p>	Correspondence to the amendment date and adjust Chinese wording.

**Wistron Information Technology and Services Corp.**  
**Comparison Between Original and Amendments to**  
**“Procedures for Governing Loaning of Funds”**

Items	Original Version	Amended Version	Reason
Article 1	<p><b>Entities to which the company may loan funds</b></p> <p>The Company may loan funds to other parties (the “Borrower”) pursuant to the Procedures only when an inter-company business transaction calls for a loan arrangement, or subsidiaries which the Company holds more than 50% of the shares in need of funds for short-term financing facility, or the Company shall not loan funds to any other person or company.</p>	<p><b>Entities to which the company may loan funds</b></p> <p>The Company may loan funds to other parties (the “Borrower”) pursuant to the Procedures only when an inter-company business transaction calls for a loan arrangement, or subsidiaries <u>in</u> which the Company holds, <u>directly or indirectly,</u> more than 50% of the <u>voting</u> shares in need of funds for short-term financing facility, or the Company shall not loan funds to any other person or company.</p>	Adjustment of wording.
Article 2	<p><b>Evaluation standards for loaning funds to others</b></p> <p>1. In the event the Company loans funds to other parties due to inter-company business transaction calls for a loan arrangement, each amount of the loan shall not exceed total business transaction amount between the two companies <del>in the most recent year</del>. The total business transaction amount between two companies hereby means the total purchases or sales whichever is higher.</p> <p>2. For companies in need of funds for short-term financing facility, the Borrower shall be limited to subsidiaries which the Company holds more than 50% of the shares.</p>	<p><b>Evaluation standards for loaning funds to others</b></p> <p>1. In the event the Company loans funds to other parties due to inter-company business transaction calls for a loan arrangement, each amount of the loan shall not exceed total business transaction amount between the two companies. The total business transaction amount between two companies hereby means the total purchases or sales whichever is higher <u>in the most recent year</u>.</p> <p>2. For companies in need of funds for short-term financing facility, the Borrower shall be limited to subsidiaries <u>in</u> which the Company holds, <u>directly or indirectly,</u> more than 50% of the <u>voting</u> shares.</p>	Adjustment of wording.

Items	Original Version	Amended Version	Reason
Article 3	<p><b>The aggregate amount of loans and the maximum amount permitted to a single borrower</b></p> <p>1. The aggregate amount of loans to others shall not exceed 50% of the Company’s net worth as in the most recent financial statement audited or reviewed by CPA, among that, for the companies in need of funds for short-term financing facility, the aggregate amount shall not exceed 40% of the Company’s net worth as in the most recent financial statement audited or reviewed by CPA.</p> <p>2. Limit to a single borrower with inter-company business transaction</p> <p>The limit for loaning to each company having inter-company business transaction with the Company shall vary according to the situations as follows:</p> <p>(1) When any <del>enterprise</del> in which the Company holds more than 50% of the shares, the loan amount shall not exceed 10% of the Company’s net worth.</p> <p>(2) When any <del>enterprise</del> in which the Company holds less than 50% of the shares, the loan amount shall not exceed 40% of that <del>enterprise</del>’s net worth and 5% of the Company’s net worth.</p>	<p><b>The aggregate amount of loans and the maximum amount permitted to a single borrower</b></p> <p>1. <u>Aggregate amount of loans</u></p> <p>The aggregate amount of loans to others shall not exceed 50% of the Company’s net worth as in the most recent financial statement audited or reviewed by CPA_ <u>(the “Company’s net worth”)</u>, among that, for the companies in need of funds for short-term financing facility, the aggregate amount shall not exceed 40% of the <u>Company’s net worth</u>.</p> <p>2. Limit to a single borrower with inter-company business transaction</p> <p>The limit for loaning to each company having inter-company business transaction with the Company shall vary according to the situations as follows:</p> <p>(1) When any subsidiaries in which the Company holds, <u>directly or indirectly</u>, more than 50% of the <u>voting</u> shares, the loan amount shall not exceed <u>total business transaction amount between the two companies nor exceed</u> 10% of the Company’s net worth.</p> <p>(2) When any <u>company</u> in which the Company holds, <u>directly or indirectly</u>, less than 50% of the <u>voting</u> shares, the loan amount shall not exceed <u>total business transaction amount between the two companies, nor exceed</u> 40% of that <u>Borrower</u>’s net worth and 5% of the Company’s net worth.</p>	To comply with the Company’s operational needs and adjust wording.

Items	Original Version	Amended Version	Reason
	<p>(3) For any other Borrower, the loan amount shall not exceed <del>25% of the Borrower's net worth</del> and 5% of the Company's net worth.</p> <p>3. Limit for loaning to a Borrower in need of funds for short-term financing facility shall not exceed 10% of the Company's net worth.</p>	<p>(3) For any other Borrower, the loan amount shall not exceed <u>total business transaction amount between the two companies, nor exceed 5%</u> of the Company's net worth.</p> <p>3. Limit for loaning to a Borrower in need of funds for short-term financing facility <u>For any subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting shares, the loan amount shall not exceed 10% of the Company's net worth.</u></p>	
Article 5	<p><b>Procedures for handling loans of funds</b></p> <p>1. When applying funds to the Company, the Borrower shall enclose copies of business certificates, ID of person in charge, and essential financial materials; and file a loan amount application to the Company's financial department. After facilitating the evaluation and credit investigation, the financial department shall report to the Board of Directors for approval. However, <del>companies</del> in which the Company holds, directly or indirectly, more than 50% of the voting shares may be exempted from providing the documents mentioned above.</p> <p>2. Loans of funds between the Company and subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the Board of Directors pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrowing</p>	<p><b>Procedures for handling loans of funds</b></p> <p>1. When applying funds to the Company, the Borrower shall enclose copies of business certificates, ID of person in charge, and essential financial materials; and file a loan amount application to the Company's financial department. After facilitating the evaluation and credit investigation, the financial department shall report to the Board of Directors for approval. However, <u>subsidiaries</u> in which the Company holds, directly or indirectly, more than 50% of the voting shares may be exempted from providing the documents mentioned above.</p> <p>2. Loans of funds between the Company and subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the Board of Directors pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrowing</p>	To comply with the Company's operational needs and adjust wording.

Items	Original Version	Amended Version	Reason
	<p>counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> <p>3. The “certain monetary limit” mentioned in the preceding paragraph shall be in compliance with Article 3, and authorization for loans extended <del>by the Company or any of its subsidiaries</del> to any single enterprise shall not exceed 10% of the <del>Company or subsidiaries’</del> net worth as in the most recent financial statement. <del>However, limit of inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares shall not exceed the Company’s net worth as in the most recent financial statement, and durations of loans shall not exceed 2 years.</del></p> <p>4. Upon ratification of the loan amount, the Borrower shall file related forms to the financial department to apply for drawdown of the loan.</p>	<p>counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> <p>3. The “certain monetary limit” mentioned in the preceding paragraph shall be in compliance with Article 3, and authorization for loans extended to any single enterprise shall not exceed 10% of the <u>lender’s</u> net worth as <u>counted</u> in the most recent financial statement <u>audited or reviewed by CPA.</u></p> <p>4. Upon ratification of the loan amount, the Borrower shall file related forms to the financial department to apply for drawdown of the loan.</p>	
Article 5-1	<p><b>Review procedures for handling loans of funds</b></p> <p>1. When the Borrower applies for a loan from the Company, it shall submit concrete description of necessity and reasonableness</p>	<p><b>Review procedures for handling loans of funds</b></p> <p>1. When the Borrower applies for a loan from the Company, it shall submit concrete description of necessity and reasonableness</p>	Adjustment of wording.



Items	Original Version	Amended Version	Reason
	<p>and the financial <del>division</del> will determine whether to accept the application or not.</p> <p>2. In addition to take credit investigation to the Borrower, the financial department shall assess the impact on the Company's business operations, financial condition, and shareholders' equity after making a loan and submit an opinion statement to the Board of Directors for approval.</p> <p>3. When the Borrower, except for the <del>companies</del> in which holds, directly or indirectly, more than 50% of the voting shares, applies for drawdown of the loan from the Company, the Company shall request the Borrower to provide the same amount of promissory note or secure a collateral. The financial department shall evaluate and mark the value of the collateral.</p>	<p>and the financial <u>department</u> will determine whether to accept the application or not.</p> <p>2. In addition to take credit investigation to the Borrower, the financial department shall assess the impact on the Company's business operations, financial condition, and shareholders' equity after making a loan and submit an opinion statement to the Board of Directors for approval.</p> <p>3. When the Borrower, except for the <u>subsidiaries in which the Company</u> holds, directly or indirectly, more than 50% of the voting shares, applies for drawdown of the loan from the Company, the Company shall request the Borrower to provide the same amount of promissory note or secure a collateral. The financial department shall evaluate and mark the value of the collateral.</p>	
Article 7	<p><b>Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.</b></p>	<p><b>Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.</b></p> <p><u>1. The Company's financial department shall prepare a memorandum book for its fund-lending activities and truthfully record basic information of all Borrowers, date and limit of approval by the Board of Directors, lending/borrowing date and amount, collaterals, interest rate, and date and method of reimbursement, to prepare for auditing by competent authority and relevant personnel.</u></p>	To comply with the Regulation.

Items	Original Version	Amended Version	Reason
	<p>1. After appropriating the fund, financial department shall examine the financial status, business status and related credit status of the Borrower and guarantor, and if there is any collateral provided, financial department shall pay attention to the alteration of its secured value. If there is significant change, the personnel shall inform the Chairman and handle the matters under Chairman's instructions.</p> <p>2. When reimbursing on due date or before the due date, the loan shall be paid off in principle with interest calculated in advance. Then the Company may return the promissory note with cancellation of the loan of funds or eliminate the collateral registration.</p> <p>3. Borrower shall reimburse the principal and the interest when the due date comes. If the Borrower fails to reimburse on the due date, the Company may dispose the collateral directly or claim for indemnity to the guarantor.</p> <p>4. If, as a result of a change in circumstances, the counterparty does not meet the requirements of these Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.</p>	<p>2. After appropriating the fund, financial department shall examine the financial status, business status and related credit status of the Borrower and guarantor, and if there is any collateral provided, financial department shall pay attention to the alteration of its secured value. If there is significant change, the personnel shall inform the Chairman and handle the matters under Chairman's instructions.</p> <p>3. When reimbursing on due date or before the due date, the loan shall be paid off in principle with interest calculated in advance. Then the Company may return the promissory note with cancellation of the loan of funds or eliminate the collateral registration.</p> <p>4. Borrower shall reimburse the principal and the interest when the due date comes. If the Borrower fails to reimburse on the due date, the Company may dispose the collateral directly or claim for indemnity to the guarantor.</p> <p>5. If, as a result of a change in circumstances, the counterparty does not meet the requirements of these Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.</p>	

Items	Original Version	Amended Version	Reason
Article 9	<p><b>Procedures for controlling and managing loans of funds to others by subsidiaries</b></p> <p>When the Company’s subsidiaries plan to loan funds to others, the “Procedures for Governing Loaning of Funds” shall be enacted, and be reported to the Board of Directors of the Company for filing. The subsidiaries shall handle the matters according to their Procedures. The subsidiaries’ “Procedures for Governing Loaning of Funds” should follow the precedent of this Procedures. However, the aggregate amount of loans, the maximum amount permitted to a single borrower, and duration of loans shall not exceed the limit described as follows:</p> <p>The aggregate amount of loans and the maximum amount permitted to a single borrower for loaning funds to others by the Company’s subsidiaries shall be calculated based on net worth of the subsidiaries accordance with Article 3 of this Procedures. <del>However, the restriction in Article 3, Paragraph 1 and Article 4 shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, while limit of the Company’s net worth as in the most recent financial statement shall prevail.</del></p>	<p><b>Procedures for controlling and managing loans of funds to others by subsidiaries</b></p> <p>When the Company’s subsidiaries plan to loan funds to others, the “Procedures for Governing Loaning of Funds” shall be enacted, and be reported to the Board of Directors of the Company for filing. The subsidiaries shall handle the matters according to their Procedures. The subsidiaries’ “Procedures for Governing Loaning of Funds” should follow the precedent of this Procedures. However, the aggregate amount of loans, the maximum amount permitted to a single borrower, and duration of loans shall not exceed the limit described as follows:</p> <p><u>1. The aggregate amount of loans and the maximum amount permitted to a single borrower for loaning funds to others by the Company’s subsidiaries shall be calculated based on net worth of the subsidiaries as counted in the most recent financial statement audited or reviewed by CPA accordance with Article 3 of this Procedures.</u></p> <p><u>2. The restriction in Article 3, Paragraph 1 and Article 4 shall not apply to inter-company loans of funds for short-term financing facility between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund for short-term financing facility to the Company by any overseas</u></p>	To comply with the Company’s operational needs.

Items	Original Version	Amended Version	Reason
		<u>company in which the Company holds, directly or indirectly, 100% of the voting shares. However, the aggregate amount shall not exceed the lender’s net worth as counted in the most recent financial statement audited or reviewed by CPA, maximum amount for loaning to a single borrower shall not exceed 50% of the lender’s net worth as counted in the most recent financial statement audited or reviewed by CPA, and durations of loans shall not exceed 2 years.</u>	
Article 13	<p>1. When the Company intends to loan funds to other parties, it shall be approved by one-half or more of all Audit Committee members and submitted to the Board of Directors for a resolution.</p> <p>2. If approval of one-half or more of all Audit Committee members as required in the preceding paragraph is not obtained, it may be implemented if approved by two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p> <p>3. The terms “all Audit Committee members” and “all Directors” in this Article and Article 14 shall be counted as the actual number of persons currently holding those positions.</p>	<p>1. When the Company intends to loan funds to other parties <u>of a material nature</u>, it shall be approved by one-half or more of all Audit Committee members and submitted to the Board of Directors for a resolution.</p> <p>2. If approval of one-half or more of all Audit Committee members as required in the preceding paragraph is not obtained, it may be implemented if approved by two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p> <p>3. The terms “all Audit Committee members” and “all Directors” in this Article and Article 14 shall be counted as the actual number of persons currently holding those positions.</p>	To comply with the Regulation.
Article 14	1. Accordance with relevant regulations, the Procedures shall be approved by one-half or more	1. Accordance with relevant regulations, the Procedures shall be approved by one-half or more	To comply with the Regulation.

Items	Original Version	Amended Version	Reason
	<p>of all Audit Committee members and submitted to the Board of Directors for a resolution, and then to a shareholders meeting for approval; the same applies to amendment.</p> <p>2. If approval of one-half or more of all Audit Committee members as required in the preceding paragraph is not obtained, it may be implemented if approved by two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p>	<p>of all Audit Committee members and submitted to the Board of Directors for a resolution, and then to a shareholders meeting for approval; <u>where any Director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion for discussion by the shareholders meeting;</u> the same applies to amendment.</p> <p>2. If approval of one-half or more of all Audit Committee members as required in the preceding paragraph is not obtained, it may be implemented if approved by two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p>	
Article 16	<p>(Omitting) The 7th amendment was made on June 24, 2015. The 8th amendment was made on June 24, 2019.</p>	<p>(Omitting) The 7th amendment was made on June 24, 2015. The 8th amendment was made on June 24, 2019. <u>The 9th amendment was made on July 23, 2021</u></p>	Correspondence to the amendment date.

**List of Outside Directorships for Independent Director Nominee  
and Newly-added Outside Directorships for Directors (including  
Independent Directors)**

**1. Outside Directorships for Independent Director Nominee**

<b>Title</b>	<b>Name</b>	<b>Current Positions</b>
Independent Director	Yen Ling Fang	CEO of Peace & Grace International Attorneys at Law

**2. Newly-added Outside Directorships for Directors (including Independent Directors)**

<b>Title</b>	<b>Name</b>	<b>Current Positions</b>
Director	Ching Hsiao	Director of Wistron ITS (Hong Kong) Limited
Director	Philip Peng	Director of Zigong Art Sharing Co., Ltd. Supervisor of Allxon Inc.
Director	David Lee	Director of Avatack Co.,LTD. Director of Symbio, Inc.
Independent Director	Allen Fan	Representative of Legal Entity Director of K K Intelligent Technology Inc.
Independent Director	C.K. Chiang	Representative of Legal Entity Director of Yuanta Financial Holdings Director of Yuanta Culture and Education Foundation