

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

## **Meeting Agenda**

### **For 2022 Annual Shareholders Meeting**

Date: May 26, 2022

#### ***DISCLAIMER***

This is a translation of the agenda (the “agenda”) for the 2022 Annual Shareholders Meeting (the “Meeting”) of Wistron Information Technology and Services Corp. (the “Company”). This translation is intended for reference only and no other purpose. The Company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the agenda shall govern any and all matters related to the interpretation of the subject matter stated herein.

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## **Meeting Procedures**

1. Declaration of the Commencement of the Meeting
2. The Chair in Position
3. Opening Remarks by the Chair
4. Report Items
5. Election Items
6. Ratification and Discussion Items

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

7. Extemporaneous Motion
8. Adjournment

# Meeting Agenda

**Time:** 9:00a.m., May 26, 2022

**Venue:** Chang Yung-Fa Foundation International Convention Center  
(No. 11, Zhongshan S. Rd., Zhongzheng Dist., Taipei City)

Shareholders meeting will be held by means of physical shareholders meeting.

## 1. Report Items

- (1) The Business Report of 2021.
- (2) Audit Committee's Review Report.
- (3) To report distribution of employees' profit sharing bonus and directors' remuneration.

## 2. Election Items

- (1) Election of Directors (including Independent Directors) of the 14th Board.

## 3. Ratification and Discussion Items

- (1) Ratification of the Business Report and Financial Statements of 2021.
- (2) Ratification of the proposal for distribution of 2021 profits.
- (3) Approval of amendments to the "Articles of Incorporation."
- (4) Approval of amendments to the "Procedures for Acquisition and Disposal of Assets."
- (5) Approval of amendments to the "Rules of Procedure for Shareholders Meeting."
- (6) Approval of release of the prohibition on newly-elected Directors and their legal representatives from participation in competitive business.

## 4. Extemporary Motions

## 5. Adjournment

## Report Items

1. The Business Report of 2021. (Please refer to Attachment 1, pages 11-12)
2. Audit Committee's Review Report. (Please refer to Attachment 2, page 13)
3. To report distribution of employees' profit sharing bonus and directors' remuneration.

### Description:

- (1) In accordance with Article 21 of the "Articles of Incorporation":

If the Company has profit (referred to the profit before tax, excluding the employees' profit sharing bonus and directors' remuneration) as a result of the yearly accounting closing, the profit shall be distributed in accordance with the following provisions provided. However, the Company's accumulated losses shall have been covered.

A. No less than 10% of the profit from current year as employees' profit sharing bonus.

The Company may distribute profit sharing bonus in the form of shares or in cash to employees, including the employees of subsidiaries of the Company meeting certain specific requirements which determined by the Board of Directors.

B. No more than 2% of the profit from current year as directors' remuneration in cash.

- (2) The Company's 2nd Compensation Committee Meeting of 2022 and 2nd Board Meeting of 2022 resolved the employees' profit sharing bonus and directors' remuneration of 2021 in accordance with the "Articles of Incorporation."

A. The employees' profit sharing bonus was NT\$57,120,000 and the appropriation rate was 10%, of which NT\$37,120,000 distributed in cash and NT\$20,000,000 distributed by shares.

B. The directors' remuneration was NT\$11,100,000 and the appropriation rate was 1.94%, distributed in cash.

- (3) The Company will distribute employees' profit sharing bonus in the amount of NT\$20,000,000 in the form of shares. The new shares issued will be 231,213 shares, which were calculated based on the closing price NT\$86.5 prior to the date of 2nd Board Meeting of 2022. Par value per share is NT\$10, and employees' profit sharing bonus of NT\$76, which is less than one share, shall be distributed in cash.

- (4) The newly issued shares from the capital increase possess identical obligations and rights as the original shares. The Chairman is authorized to carry out the matter regarding the setting of the record date for new shares from capital increase and other relevant matters.

## Election Items

### ITEM 1: Election of Directors (including Independent Directors) of the 14th Board.

Proposal: Submission (by the Board of Directors) of the proposal for electing Directors (including Independent Directors) of the Company's 14th Board.

Details: 1. Due to expiration of the term for the Company's 13th Board with 9 Directors (including 4 Independent Directors) on June 23, 2022, it is proposed to reelect Directors (including Independent Directors) of the Company's 14th Board. To put corporate governance into practice, it is proposed to, in accordance with regulations, establish Audit Committee, Compensation Committee, Nominating Committee, and ESG Committee.

2. In accordance with the Company's "Articles of Incorporation," it is proposed to reelect 9 Directors (including 5 Independent Directors). Term for newly-elected Directors will be 3 years, from May 26, 2022 to May 25, 2025, and may be eligible for re-election. The Audit Committee will be composed of the entire number of Independent Directors. Term of original Directors (including Independent Directors) are expired until finish of the Meeting.

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 candidates for Directors (including Independent Directors):

Title/Name	Academic Qualifications	Major Past Positions	Current Positions (Note 1)	Shareholdings (Note 2)
Director Ching Hsiao	Doctor of Computer, Purdue University	VP of Integrated Systems, Inc. General Manager of Dow Jones Telerate Systems, Inc.	Director of Wistron Information Technology and Services Limited Director of WITS America, Corp. Director of Wistron Information Technology and Services Inc. Chairman of Wistron Information Technology and Services (Beijing) Inc. Chairman of Wistron ITS (Wuhan) Co. Representative Director of Wistron Information Technology and Services (Japan) Inc. Director of Wistron ITS (Hong Kong) Limited Chariman of WITS Taiwan, Inc.	3,272,280

Title/Name	Academic Qualifications	Major Past Positions	Current Positions (Note 1)	Shareholdings (Note 2)
Director Wistron Digital Technology Holding Company			Chief Staff Officer of Wistron Corp. Director of Wistron NeWeb Corp. Chairman of WiseCap Ltd. Chairman of WLB Ltd. Director of Changing Information Technology Inc. Supervisor of aEnrich Technology Corp. Director of IP Fund Six Director of Wiwynn Corporation Director of Join-Link International Technology Co., Ltd. Director of Maya International Co., Ltd. Director of Wistron Medical Tech Holding Company	15,718,837
Representative: Frank Lin	Bachelor of Accounting, Feng Chia University	CFO of Acer Inc.	Director of Wistron Digital Technology Holding Company Director of Wistron Medical Tech Corporation Director of Pell Bio- Med Technology Co., Ltd. Chariman of WiSuccess Asset Management Corporation Director of Hartec Asia Pte. Ltd. Chairman of WiseCap (Hong Kong) Ltd. Director of Hukui Biotechnology Corp. Chairman of B-Temia Asia Pte Ltd.	321,062

Title/Name	Academic Qualifications	Major Past Positions	Current Positions (Note 1)	Shareholdings (Note 2)
Director Philip Peng	Master of MBA, NCCU	Senior VP & CFO of Acer Inc.	Independent Director of AU Optronics Corp. Independent Director of Apacer Technology Inc. Director of Wistron Corp. Director of Wistron NeWeb Corp. Chairman of Smart Capital Corp. Supervisor of Allxon Inc. Director of Zigong Art Sharing Co., Ltd.	0
Director Marty Chiou	Master of Information Management, Pace University	General Manager of SAP Taiwan General Manager of SAS Institute Taiwan Ltd General Manager of Lotus Greater China Sales and Marketing VP of Hannstar Display Corporation Software Director of IBM Greater China Group (GCG)	None	241,000
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 Representative of Legal Entity Director of Tainan Enterprises Co., Ltd. Independent Director of Pharmosa Biopharm Inc. Independent Director of TaiSol Electronics Co., Ltd.	0
Independent Director Jennifer Hwang	Master of Computer Science, NCTU	General Manager of IBM Taiwan General Manager of Administration & Chief HR Officer of Sinyi Realty Inc.	Director of Commerce Development Research Institute Director of Imperial Food Co., Ltd.	498



Title/Name	Academic Qualifications	Major Past Positions	Current Positions (Note 1)	Shareholdings (Note 2)
Independent Director Mark Fan	Doctor of Computer Science, NCTU	Head of Computer Science of Institute for Information Industry Director & CEO of International Integrated Systems, Inc.	None	0
Independent Director Allen Tsai	Doctor of Business Administration, Shanghai University of Finance & Economics	Founder & Executive Director of Taiwan Institute of Directors Managing Director of BNP Paribas	Executive Director of Taiwan Institute of Directors Adjunct Associate Professor of Institute of Business and Management, NYCU	0
Independent Director Y.K. Chu	Master of Aeronautics & Astronautics, University of Washington	Senior Partner of WI Harper Group Managing Director of WI Harper Group VP of Walden International Inc	Vice Chairman of Alpha Ring Asia Inc. Senior Partner of WI Harper Group	0

Note 1: As of the current position on March 8, 2022.

Note 2: As per the actual reported number of shares on March 28, 2022.

#### 4. Submission for election.

## **Ratification and Discussion Items**

### **ITEM 1: Ratification of the Business Report and Financial Statements of 2021.**

Proposal: Submission (by the Board of Directors) of the Company's 2021 Business Report and Financial Statements for ratification.

Details: 1. The Company's Financial Statements for 2021, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Ms. Ya-Ling Chen, and Mr. Ming-Hung Huang, of KPMG.

2. Please refer to Attachment 1, pages 11-12 for the Company's Business Report, and Attachment 3, pages 14-28 for Independent Auditors' Report, and the aforementioned Financial Statements.
3. Submission for ratification.

### **ITEM 2: Ratification of the proposal for distribution of 2021 profits.**

Proposal: Submission (by the Board of Directors) of the proposal for 2021 profits distribution for ratification.

Details: 1. Net income after tax is NT\$455,633,500, after adding up remeasurements of the defined benefit obligation of NT\$1,463,000, then deducting legal reserve of NT\$45,709,650, and deducting special reserve of NT\$25,841,109, and adding up unappropriate retained earnings in prior years of NT\$483,208,729, therefore the total amount of retained earnings available for distribution is NT\$868,754,470. The dividends and bonuses proposed to be distributed to the shareholders amount to NT\$304,773,405 in cash (NT\$4.6 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 4, page 29 for the Profit Appropriation Statement for 2021.
5. Submission for ratification.

**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 Attachment 5, page 30 for the comparison between the original and the amendments).

2. Please discuss.

**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 Attachment 6, pages 31-46 for the comparison between the original and the amendments).

2. Please discuss.

**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 Attachment 7, pages 47-54 for the comparison between the original and the amendments).

2. Please discuss.

**ITEM 6: Approval of release of the prohibition on newly-elected Directors and their legal representatives from participation in competitive business.**

Proposal: Submission (by the Board of Directors) of a proposal to release the prohibition on Directors and their legal 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, nominees of newly-elected Directors and their legal representatives 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 8, page 55 for the “List of Outside Directorships for Nominees of Directors (including Independent Directors).”

3. Please discuss.

## **Extemporary Motion**

## **Adjournment**

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

### **Business Report**

#### **A. 2021: A Year in Review**

In 2021, Wistron ITS efficiently adapted to the pandemic and market changes, with our revenue back on track for rapid growth. Demand in the Greater China market has continued to rise and has been the driving force behind our overall revenue growth. Business in Taiwan has continued to grow at a steady pace, while in China we succeeded in making gains with key client groups. Thanks to income generated by high-quality clients, our revenue rose with each quarter, and our annual revenue reached record high.

The revenue increases did not happen by chance. In order to drive and sustain renewed business growth, we have undertaken necessary adjustments and reforms within our organization. In 2021, we began our digital transformation, developing various systems for employee services, recruitment, and business support. We have already seen some positive results as we build our digital transformation platform, and we will continue to optimize and develop the platform, in order to improve our efficiency and competitiveness for the next stage of Wistron ITS' growth.

With many years of experience in the IT service sector, Wistron ITS is equipped with product globalization service capabilities and cross-regional software development management systems. We also possess key technology service capabilities, allowing us to successfully establish a cross-regional, integrated software development system capable of global delivery. Our outstanding IT service and global software delivery capabilities allowed us to stand out among 160 businesses and be recognized by the Ministry of Economic Affairs at the 6th Taiwan Mittelstand Award in 2021. Wistron ITS was the only IT service provider among the recipients of this year's award.

In recent years, Wistron ITS has been actively practicing better corporate governance, which has included strengthening the diversity and function of Board of Directors, focusing on communication with stakeholders, and gradually improving our internal policies. We adopted these corporate governance practices to protect shareholders' right and ensure the Company's sustainable development. In the 2021 Corporate Governance Evaluation, we were ranked among the top 5% of the TPEX listed companies, as well as the top 5% of small mid-cap companies, making our corporate governance performance one of the best among 1,617 listed companies. This has also demonstrated our Company's determination to achieve the highest corporate governance goals.

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

Wistron ITS reported a consolidated revenue of NT\$6.178 billion, net profit of NT\$456 million and basic earnings per share of NT\$6.91 in 2021, compared to consolidated revenue of NT\$5.101 billion, net profit of NT\$466 million and basic earnings per share of NT\$7.06 for the previous year.

Our consolidated revenue saw rapid growth in 2021, surpassing NT\$6 billion for the first time. The annual growth rate was a superb 21%, setting a new record for our Company. Although our profit performance was marginally lower than the previous year, our revenue enabled our net operating income, net profit, and basic earnings per share to hit second highest in history.

### **C. 2022: A New Beginning**

This year, Wistron ITS is marking our 30th anniversary. As a leading global IT service brand, over the years we have continued to cultivate elite technical teams. While technology trends constantly evolve, our teams are able to help our clients adapt quickly to keep up with the various challenges in information and technology development.

As we look to 2022, technology has entered the daily lives of people, with new technologies being applied on an increasingly broader scope. Globally, the information technology service industry is booming, as the demand for software development is seen in all sectors and industries. We are confident in the future of the IT service industry, and aim to continue growing both our revenues and profits.

To achieve our goals, we will be meticulous in our selection of markets and clients, concentrating on expanding, deepening, and strengthening our ties with major, high-quality clients. Meanwhile, human resources is our Company's greatest asset; therefore we will be focusing on talent recruitment and training, as well as improving employee services to ensure steady talent retainment. This will in turn allow us to deliver outstanding results and guarantee service quality, enabling us to forge vital, long-term strategic partnerships with our clients.

From Asia to the world, built on integrity and powered by information technology capabilities, Wistron ITS provides clients across the globe with reliable, innovative, high-tech services. We will continue to strengthen our technical capabilities and management, as well as work with top-tier clients around the world to achieve innovative visions and build a better future.

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

Sincerely Yours,  
and with warm regards,

Chairman: Ching Hsiao

President: Ching Hsiao

Controller: Phoebe Chang

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

The Board of Directors has prepared the Company's 2021 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 8, 2022

## **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, 2021 and 2020, 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, 2021 and 2020, 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 in accordance with the Regulations Governing Auditing and Attestation 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.

### **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, 2021 and 2020, 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 8, 2022

#### **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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020			December 31, 2021		December 31, 2020	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Assets</b>									
Current assets:					Liabilities and Equity				
1100 Cash and cash equivalents	\$ 877,245	22	1,175,302	33	2100 Short-term borrowings	\$ 107,230	3	-	-
1140 Current contract assets	12,215	-	31,134	1	2130 Current contract liabilities	14,665	-	20,151	-
1170 Notes and accounts receivable, net	2,092,900	52	1,450,961	40	2170 Accounts payable	94,687	3	109,134	3
1180 Accounts receivable-related parties, net	38,159	1	16,964	-	2219 Other payables	1,047,978	26	850,951	23
1200 Other receivables	2,186	-	72	-	2220 Other payables-related parties	196	-	440	-
1220 Current tax assets	12,811	-	918	-	2230 Current tax liabilities	42,935	1	63,538	2
1410 Prepayments	17,205	-	15,712	-	2399 Other current liabilities	29,487	1	25,034	1
1470 Other current assets	20,401	1	17,432	-	2280 Current lease liabilities	26,453	1	23,150	1
Total current assets	<u>3,073,122</u>	<u>76</u>	<u>2,708,495</u>	<u>74</u>	2322 Long-term borrowings, current portion	8,274	-	7,984	-
Non-current assets:					Total current liabilities	<u>1,371,905</u>	<u>35</u>	<u>1,100,382</u>	<u>30</u>
1600 Property, plant and equipment	813,853	20	810,501	22	Non-Current liabilities:				
1755 Right-of-use assets	57,740	2	54,300	2	2540 Long-term loans	55,543	1	64,123	2
1780 Intangible assets	38,915	1	32,870	1	2570 Deferred tax liabilities	87,247	2	99,878	3
1840 Deferred tax assets	20,189	1	22,475	1	2580 Non-current lease liabilities	27,417	1	25,721	1
1900 Other non-current assets	13,648	-	15,536	-	2640 Net defined benefit liability, non-current	15,173	-	16,065	-
Total non-current assets	<u>944,345</u>	<u>24</u>	<u>935,682</u>	<u>26</u>	Other non-current liabilities	2,460	-	2,790	-
					Total non-current liabilities	<u>187,840</u>	<u>4</u>	<u>208,577</u>	<u>6</u>
					Total liabilities	<u>1,559,745</u>	<u>39</u>	<u>1,308,959</u>	<u>36</u>
					Equity :				
				3100	Capital stock	669,211	17	667,083	18
				3200	Capital surplus	770,877	19	753,005	21
				3300	Retained earnings	1,198,187	30	1,069,842	29
				3400	Other equity	(107,053)	(3)	(81,212)	(2)
				3500	Treasury shares	(73,500)	(2)	(73,500)	(2)
					Total equity	<u>2,457,722</u>	<u>61</u>	<u>2,335,218</u>	<u>64</u>
Total assets	<u>\$ 4,017,467</u>	<u>100</u>	<u>3,644,177</u>	<u>100</u>	Total liabilities and equity	<u>\$ 4,017,467</u>	<u>100</u>	<u>3,644,177</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, 2021 and 2020

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

	2021		2020	
	Amount	%	Amount	%
4000 Net revenue	\$ 6,177,820	100	5,100,895	100
5000 Cost of Sales	(4,737,757)	(77)	(3,787,181)	(74)
Gross profit	1,440,063	23	1,313,714	26
Operating expenses				
6100 Selling expenses	(168,779)	(3)	(131,522)	(2)
6200 Administrative expenses	(794,597)	(13)	(660,142)	(13)
6300 Research and development expenses	(19,731)	-	(9,784)	-
6450 Expected credit gain (loss)	2,861	-	(27,691)	(1)
Total operating expenses	(980,246)	(16)	(829,139)	(16)
Net operating income	459,817	7	484,575	10
Non-operating income and expenses:				
7100 Interest income	8,293	-	5,417	-
7010 Other income	53,118	1	61,761	1
7020 Other gains and losses	(1,206)	-	3,491	-
7050 Finance costs	(4,890)	-	(5,950)	-
Total non-operating income and expenses	55,315	1	64,719	1
Profit before tax	515,132	8	549,294	11
7950 Income tax expenses	(59,498)	(1)	(83,405)	(2)
Net profit	455,634	7	465,889	9
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	1,463	-	(141)	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	-	-	4,734	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	1,463	-	4,593	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(25,841)	-	21,697	1
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Total items that may be reclassified subsequently to profit or loss	(25,841)	-	21,697	1
8300 Other comprehensive income (loss)	(24,378)	-	26,290	1
Total comprehensive income	\$ 431,256	7	492,179	10
Earnings per share (in dollars)				
9750 Basic earnings per share	\$ 6.91		7.06	
9850 Diluted earnings per share	\$ 6.83		6.98	

(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, 2021 and 2020

(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, 2020	\$ 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)	
New share issued through employees' profit sharing bonus	3,072	16,928	-	-	-	-	-	-	-	-	20,000	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(17,454)	(17,454)	-	17,454	17,454	-	-	
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	
Net profit	-	-	-	-	455,634	455,634	-	-	-	-	455,634	
Other comprehensive income	-	-	-	-	1,463	1,463	(25,841)	-	(25,841)	-	(24,378)	
Total comprehensive income	-	-	-	-	457,097	457,097	(25,841)	-	(25,841)	-	431,256	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	44,829	-	(44,829)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(328,752)	(328,752)	-	-	-	-	(328,752)	
Reversal of special reserve	-	-	-	(43,885)	43,885	-	-	-	-	-	-	
New share issued through employees' profit sharing bonus	2,128	17,872	-	-	-	-	-	-	-	-	20,000	
Balance at December 31, 2021	\$ 669,211	770,877	176,669	81,212	940,306	1,198,187	(107,053)	-	(107,053)	(73,500)	2,457,722	

(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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 515,132	549,294
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	80,173	97,548
Amortization expense	8,163	5,843
Expected credit (gain) loss	(2,861)	27,691
Interest expense	4,890	5,950
Interest income	(8,293)	(5,417)
Dividend income	-	(260)
Loss on disposal of property, plant and equipment	1,672	1,357
Loss on lease modification	244	267
Rent concession	-	(729)
Total adjustments to reconcile profit	<u>83,988</u>	<u>132,250</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in current contract assets	19,342	23,167
Increase in notes and accounts receivable, net	(662,059)	(93,514)
(Increase) decrease in accounts receivable—related parties	(21,317)	2,212
(Increase) decrease in other receivables	(285)	31
Increase in prepayments	(1,596)	(954)
(Increase) decrease in other current assets	<u>(723)</u>	<u>325</u>
Total changes in operating assets	<u>(666,638)</u>	<u>(68,733)</u>
Changes in operating liabilities:		
(Decrease) increase in contract liabilities	(4,827)	5,615
Decrease in accounts payable	(8,242)	(56,795)
Decrease in accounts payable—related parties	-	(5,972)
Increase in other payables	224,233	171,217
(Decrease) increase in other payables—related parties	(243)	314
Increase (decrease) in other current liabilities	5,701	(1,552)
Increase in net defined benefit liability	571	549
Total changes in operating liabilities	<u>217,193</u>	<u>113,376</u>
Net changes in operating assets and liabilities	<u>(449,445)</u>	<u>44,643</u>
Total changes in operating assets and liabilities	<u>(365,457)</u>	<u>176,893</u>
Cash generated from operations	149,675	726,187
Interest received	8,294	5,491
Interest paid	(4,853)	(5,986)
Income taxes paid	<u>(100,437)</u>	<u>(72,254)</u>
Net cash flows generated from operating activities	<u>52,679</u>	<u>653,438</u>
Cash flows generated from (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	(59,796)	(12,733)
Proceeds from disposal of property, plant and equipment	299	220
(Increase) decrease in refundable deposits	(5,024)	7,334
Acquisition of intangible assets	(14,835)	(5,539)
Increase in other non-current assets	-	(3,818)
Dividends received	-	260
Net cash flows (used in) generated from investing activities	<u>(79,356)</u>	<u>3,670</u>
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	360,299	452,233
Repayments of short-term loans	(252,965)	(452,233)
Repayments of long-term loans	(7,932)	(45,794)
Repayments of the principal portion of lease liabilities	(26,791)	(39,410)
Cash dividends paid	(328,752)	(212,484)
Payments to acquire treasury shares	-	(73,500)
Due to donated assets received	-	26
Net cash flows used in financing activities	<u>(256,141)</u>	<u>(371,162)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(15,239)</u>	<u>14,243</u>
Net increase (decrease) in cash and cash equivalents	<u>(298,057)</u>	<u>300,189</u>
Cash and cash equivalents at beginning of year	<u>1,175,302</u>	<u>875,113</u>
Cash and cash equivalents at end of year	<u>\$ 877,245</u>	<u>1,175,302</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, 2021 and 2020, 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, 2021 and 2020, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 8, 2022

#### **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, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 116,631	4	167,356	6	2100	Short-term borrowings	\$ 100,000	3	-	-
1140	Current contract assets	4,990	-	10,970	1	2130	Current contract liabilities	4,834	-	4,848	-
1170	Accounts receivable, net	267,568	9	214,537	8	2170	Accounts payable	3,108	-	2,435	-
1180	Accounts receivable-related parties, net	38,115	1	27,724	1	2200	Other payables	322,604	11	269,291	10
1200	Other receivables	1	-	62	-	2220	Other payables-related parties	197	-	440	-
1210	Other receivables-related parties	17	-	3,151	-	2230	Current tax liabilities	37,037	1	16,554	1
1410	Prepayments	1,563	-	1,292	-	2280	Current lease liabilities	570	-	449	-
1470	Other current assets	<u>3,646</u>	-	<u>6,662</u>	-	2399	Other current liabilities	<u>6,555</u>	-	<u>5,545</u>	-
	Total current assets	<u>432,531</u>	<u>14</u>	<u>431,754</u>	<u>16</u>		Total current liabilities	<u>474,905</u>	<u>15</u>	<u>299,562</u>	<u>11</u>
Non-current assets:						Non-current liabilities:					
1550	Investments accounted for using equity method	2,050,770	68	1,763,445	65	2570	Deferred tax liabilities	62,708	2	61,976	2
1600	Property, plant and equipment	508,687	17	502,975	19	2640	Net defined benefit liability, non-current	15,173	1	16,065	1
1755	Right-of-use assets	1,110	-	735	-	2580	Non-current lease liabilities	<u>498</u>	-	<u>274</u>	-
1780	Intangible assets	11,289	1	8,254	-		Total non-current liabilities	<u>78,379</u>	<u>3</u>	<u>78,315</u>	<u>3</u>
1840	Deferred tax assets	<u>6,619</u>	-	<u>5,932</u>	-		Total liabilities	<u>553,284</u>	<u>18</u>	<u>377,877</u>	<u>14</u>
	Total non-current assets	<u>2,578,475</u>	<u>86</u>	<u>2,281,341</u>	<u>84</u>	3100	Equity:				
						3200	Capital stock	669,211	22	667,083	25
						3200	Capital surplus	770,877	26	753,005	28
						3300	Retained earnings	1,198,187	40	1,069,842	39
						3400	Other equity	(107,053)	(4)	(81,212)	(3)
						3500	Treasury shares	<u>(73,500)</u>	<u>(2)</u>	<u>(73,500)</u>	<u>(3)</u>
							Total equity	<u>2,457,722</u>	<u>82</u>	<u>2,335,218</u>	<u>86</u>
Total assets		<u>\$ 3,011,006</u>	<u>100</u>	<u>2,713,095</u>	<u>100</u>	Total liabilities and equity		<u>\$ 3,011,006</u>	<u>100</u>	<u>2,713,095</u>	<u>100</u>

(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, 2021 and 2020**

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

	2021		2020	
	Amount	%	Amount	%
4000 Net revenue	\$ 1,213,705	100	1,006,451	100
5000 Cost of sales	(753,477)	(62)	(666,159)	(66)
Gross profit	<u>460,228</u>	<u>38</u>	<u>340,292</u>	<u>34</u>
Operating expenses:				
6100 Selling expenses	(26,376)	(2)	(24,270)	(2)
6200 Administrative expenses	(263,697)	(22)	(240,348)	(24)
6450 Reversal of expected credit loss provision	185	-	93	-
6300 Total operating expenses	<u>(289,888)</u>	<u>(24)</u>	<u>(264,525)</u>	<u>(26)</u>
Net operating income	<u>170,340</u>	<u>14</u>	<u>75,767</u>	<u>8</u>
Non-operating income and expenses:				
7100 Interest income	100	-	473	-
7010 Other income	147	-	278	-
7020 Other gains and losses	37,741	3	32,756	3
7070 Recognized share of subsidiaries, associates and joint ventures accounted for using equity method	294,952	24	385,679	38
7050 Finance costs	<u>(312)</u>	<u>-</u>	<u>(218)</u>	<u>-</u>
Total non-operating income and expenses	<u>332,628</u>	<u>27</u>	<u>418,968</u>	<u>41</u>
Profit before tax	502,968	41	494,735	49
7951 Income tax expenses	<u>(47,334)</u>	<u>(4)</u>	<u>(28,846)</u>	<u>(3)</u>
Net profit	<u>455,634</u>	<u>37</u>	<u>465,889</u>	<u>46</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	1,463	-	(141)	-
8312 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	-	-	4,734	1
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>1,463</u>	<u>-</u>	<u>4,593</u>	<u>1</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(18,690)	(1)	(2,808)	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(7,151)	(1)	24,505	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>
Total items that may be reclassified subsequently to profit or loss	<u>(25,841)</u>	<u>(2)</u>	<u>21,697</u>	<u>2</u>
8300 Other comprehensive income (loss)	<u>(24,378)</u>	<u>(2)</u>	<u>26,290</u>	<u>3</u>
Total comprehensive income	<u>\$ 431,256</u>	<u>35</u>	<u>492,179</u>	<u>49</u>
Earnings per share (in dollars)				
9750 Basic earnings per share	<u>\$ 6.91</u>		<u>7.06</u>	
9850 Diluted earnings per share	<u>\$ 6.83</u>		<u>6.98</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, 2021 and 2020**  
(Expressed in Thousands of New Taiwan Dollars)

	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	
Balance at January 1, 2020	\$ 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
Net profit	-	-	-	-	455,634	455,634	-	-	-	-	455,634
Other comprehensive income	-	-	-	-	1,463	1,463	(25,841)	-	(25,841)	-	(24,378)
Total comprehensive income	-	-	-	-	457,097	457,097	(25,841)	-	(25,841)	-	431,256
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	44,829	-	(44,829)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(328,752)	(328,752)	-	-	-	-	(328,752)
Reversal of special reserve	-	-	-	(43,885)	43,885	-	-	-	-	-	-
New share issued through employee's profit sharing bonus	2,128	17,872	-	-	-	-	-	-	-	-	20,000
Balance at December 31, 2021	\$ 669,211	770,877	176,669	81,212	940,306	1,198,187	(107,053)	-	(107,053)	(73,500)	2,457,722

(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, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 502,968	494,735
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	19,207	18,729
Amortization expense	5,228	3,063
Reversal of expected credit loss provision	(185)	(93)
Interest expense	312	218
Interest income	(100)	(473)
Dividend income	-	(260)
Recognized share of subsidiaries, associates and joint ventures accounted for using equity method	(294,952)	(385,679)
Gain on disposal of property, plant and equipment	(115)	(41)
Other	1,786	-
Total adjustments to reconcile loss	(268,819)	(364,536)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in current contract assets	6,165	2,108
Increase in accounts receivable, net	(53,031)	(4,899)
(Increase) decrease in accounts receivable—related parties	(10,391)	4,978
Decrease (increase) in other receivable	60	(61)
Decrease in other receivables—related parties	3,134	5,898
(Increase) decrease in prepayments	(271)	105
(Increase) decrease in other current assets	(567)	337
Total changes in operating assets	(54,901)	8,466
Changes in operating liabilities:		
(Decrease) increase in contract liabilities	(14)	1,924
Increase (decrease) in accounts payable	673	(5,633)
Decrease in accounts payable—related parties	-	(1,518)
Increase in other payables	58,301	41,671
(Decrease) increase in other payables—related parties	(243)	314
Increase (decrease) in other current liabilities	1,010	(909)
Increase in net defined benefit liability	571	549
Total changes in operating liabilities	60,298	36,398
Net changes in operating assets and liabilities	5,397	44,864
Total changes in operating assets and liabilities	(263,422)	(319,672)
Cash generated from operations	239,546	175,063
Interest received	101	547
Interest paid	(300)	(218)
Income taxes paid	(26,806)	(29,283)
Net cash flows generated from operating activities	212,541	146,109
Cash flows generated from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	17,946
Acquisition of investments accounted for using equity method	(5,000)	-
Acquisition of property, plant and equipment	(24,479)	(1,278)
Proceeds from disposal of property, plant and equipment	218	41
Decrease in refundable deposits	3,583	3,322
Acquisition of intangible assets	(8,263)	(4,107)
Dividends received	-	260
Net cash flows (used in) generated from investing activities	(33,941)	16,184
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	303,241	166,276
Repayments of short-term loans	(203,241)	(166,276)
Repayments of the principle portion of lease liabilities	(573)	(424)
Cash dividends paid	(328,752)	(212,484)
Payments to acquire treasury shares	-	(73,500)
Due to donated assets received	-	26
Net cash flows used in financing activities	(229,325)	(286,382)
Net decrease in cash and cash equivalents	(50,725)	(124,089)
Cash and cash equivalents at beginning of year	167,356	291,445
Cash and cash equivalents at end of year	\$ 116,631	167,356

**Wistron Information Technology and Services Corp.**  
**Profit Appropriation Statement for 2021**

Unit: NT\$

Item	Amount
<b>Net Income After Tax of 2021</b>	<b>455,633,500</b>
Plus (Less):	
Remeasurements of the defined benefit obligation	1,463,000
Legal Reserve	(45,709,650)
Special Reserve	(25,841,109)
<b>Unappropriated retained earnings of 2021</b>	<b>385,545,741</b>
Plus (Less):	
Unappropriated retained earnings in prior years	483,208,729
<b>Retained Earnings Available for Distribution</b>	<b>868,754,470</b>
Distribution Items:	
Cash Dividends to Common Shareholders (Note)	(304,773,405)
<b>Unappropriated retained earnings at the end of the year</b>	<b>563,981,065</b>

Note: 1. Cash dividend: NT\$4.6 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**  
**“Articles of Incorporation”**

Items	Original Version	Amended Version	Reason
Article 9-1	(New)	<u>The Company’s Shareholders meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u> <u>In case a Shareholders meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</u>	Add to comply with the Regulation
Article 23	(omitting) The 36th amendment was made on June 22, 2020.	(omitting) The 36th amendment was made on June 22, 2020. <u>The 37th amendment was made on May 26, 2022.</u>	Correspondence to the amendment date.



**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 3-1	(New)	<p><u>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements:</u></p> <p><u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>2. May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or</u></p>	Add to comply with the Regulation.

Items	Original Version	Amended Version	Reason
		<p><u>appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with code of practice of the association they belong to and the following:</u></p> <ol style="list-style-type: none"> <li><u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></li> <li><u>2. When executing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></li> <li><u>3. They shall undertake an item-by-item evaluation of adequacy and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></li> <li><u>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is adequate and reasonable, and that they have complied with applicable laws and regulations.</u></li> </ol>	

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 <del>under</del> NT\$100 million (NT\$100,000,000) and the transaction shall be reported to Board of Directors thereafter.</p> <p><del>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 NT\$100 million (NT\$100,000,000) and the transaction shall be</del></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 <u>within</u> NT\$100 million (NT\$100,000,000) and the transaction shall be reported to Board of Directors thereafter.</p>	To comply with the Company’s operational needs and adjust wording.

Items	Original Version	Amended Version	Reason
	<p><del>reported to Board of Directors thereafter. However, for related party transactions subject to the Article 12 of the Procedures, the provisions of Article 12 shall prevail.</del></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 <del>under</del> NT\$100 million (NT\$100,000,000); and approval of chairman is required when the amount exceeding NT\$100 million (NT\$100,000,000).</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 <del>under</del> NT\$100 million (NT\$100,000,000) and the transaction shall be reported to Board of Directors thereafter, it shall be approved by Board of Directors. <del>However, acquisition or disposal of real property or right of use</del></p>	<p><u>B.</u> 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 <u>not more than</u> NT\$100 million (NT\$100,000,000); and approval of chairman is required when the amount exceeding NT\$100 million (NT\$100,000,000).</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 <u>within</u> NT\$100 million (NT\$100,000,000) and the transaction shall be reported to Board of Directors thereafter, it shall be approved by Board of Directors.</p>	

Items	Original Version	Amended Version	Reason
	<p><del>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.</del></p> <p>(3) <del>For acquisition or disposal of the 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 NT\$100 million (NT\$100,000,000) and the transaction shall be submitted to and ratified by the most recent Board of Directors thereafter.</del></p> <p>Acquisition or disposal of equipment or right-of-use assets thereof <del>other than those mentioned in preceding part of this subparagraph, unless the transaction whose amount exceeding NT\$100 million (NT\$100,000,000) shall be approved by Board of Directors, chairman or the authorized personnel are authorized to decide and</del></p>	<p>(3) <u>For acquisition or disposal of equipment or right-of-use assets thereof, <u>memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets or right-of-use assets thereof,</u> chairman or the authorized personnel shall decide and execute within NT\$100 million (NT\$100,000,000), and approval of Board of Directors is required when the amount exceeding <u>NT\$100 million (NT\$100,000,000).</u></u></p>	

Items	Original Version	Amended Version	Reason
	<p>execute by Board of Directors for amount under NT\$100 million (NT\$100,000,000) and the transaction shall be reported to Board of Directors thereafter.</p> <p>(4) The acquisition and disposal of derivatives shall be authorized to the authorized personnel in accordance with “Rules and Procedures for Derivatives Transactions” of the Company, and be reported to the most recent Board of Directors.</p> <p>3. (omitting)</p>	<p><u>(4) For related party transactions subject to the Article 12 of the Procedures, the provisions of Article 12 shall prevail.</u></p> <p>(5) The acquisition and disposal of derivatives shall be authorized to the authorized personnel in accordance with “Rules and Procedures for Derivatives Transactions” of the Company, and be reported to the most recent Board of Directors.</p> <p>3. (omitting)</p>	
Article 6	<p>Procedures for Public Announcement and Filing</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC’s designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more</p>	<p>Procedures for Public Announcement and Filing</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC’s designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more</p>	To comply with the Regulation.

Items	Original Version	Amended Version	Reason
	<p>of the Company's total assets, or NT\$300 million (NT\$300,000,000) or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2)~(5) (omitting)</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million (NT\$300,000,000) or more; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds.</p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2~7. (omitting)</p>	<p>of the Company's total assets, or NT\$300 million (NT\$300,000,000) or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2)~(5) (omitting)</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million (NT\$300,000,000) or more; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than the sovereign rating of the ROC.</u></p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2~7. (omitting)</p>	

Items	Original Version	Amended Version	Reason
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 <del>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 or each supervisor 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.</del></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 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 audited or reviewed 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>Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries.</p> <p>1. For the acquisition and disposal of assets by subsidiaries <u>of the Company, the “Procedures for Acquisition and Disposal of Assets” shall be enacted, and any amendments hereto, shall be in accordance with Article 6 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, and it shall be reported to the Board of Directors of the Company for filing.</u></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 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 audited or reviewed 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>To comply with the Company’s operational needs and adjust Chinese wording.</p>



Items	Original Version	Amended Version	Reason
	4. The Company shall supervise that subsidiaries adopt and implement its “Procedures for Acquisition and Disposal of Assets”, and audit their implementation.	4. The Company shall supervise that subsidiaries adopt and implement its “Procedures for Acquisition and Disposal of Assets”, and audit their implementation.	
Article 10	<p>Appraisal Report from a Professional Institution</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million (NT\$300,000,000) or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p>	<p>Appraisal Report from a Professional Institution</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million (NT\$300,000,000) or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p>	To comply with the Regulation.

Items	Original Version	Amended Version	Reason
	<p>2. Where the transaction amount is NT\$1 billion (NT\$1,000,000,000) or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal <del>in accordance with the provisions of "Statement of Auditing Standards No. 20" published by the ROC Accounting Research and Development Foundation ("ARDF")</del> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date;</p>	<p>2. Where the transaction amount is NT\$1 billion (NT\$1,000,000,000) or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date;</p>	

Items	Original Version	Amended Version	Reason
	provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.	provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.	
Article 11	<p>CPA’s Opinion</p> <p>1. When the transaction amount of acquisition and disposal of securities 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. <del>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.</del> 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>In accordance with FSC letter No. 1070331908 and the exception rule provided in the Article 10 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the following circumstances are exempt from the preceding provisions herein: (1)~(9) (omitting)</p>	<p>CPA’s Opinion</p> <p>1. When the transaction amount of acquisition and disposal of securities 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. 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>In accordance with FSC letter No. 1070331908 and the exception rule provided in the Article 10 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the following circumstances are exempt from the preceding provisions herein: (1)~(9) (omitting)</p>	To comply with the Regulation.

Items	Original Version	Amended Version	Reason
	<p>2. Where the Company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million (NT\$300,000,000) or more, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <del>the CPA shall comply with the provisions of “Statement of Auditing Standards No. 20” published by the ARDF.</del></p> <p>3. (omitting)</p>	<p>2. Where the Company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million (NT\$300,000,000) or more, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>3. (omitting)</p>	
Article 11-1	<p>The calculation of the transaction amounts referred to in the preceding two articles shall be done in accordance with Article 6, Paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA’s opinion has been obtained need not be counted toward the transaction amount.</p>	<p>The calculation of the transaction amounts referred to in the preceding two articles shall be done in accordance with Article 6, Paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA’s opinion has been obtained need not be counted toward the transaction amount.</p>	Adjust Chinese wording.
Article 12	<p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the Procedures, if</p>	<p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the Procedures, if</p>	To comply with the Regulaion and adjust wording.

Items	Original Version	Amended Version	Reason
	<p>the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with regulations.</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million (NT\$300,000,000) or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors <del>and ratified by the Audit Committee:</del></p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> </ol>	<p>the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with regulations.</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million (NT\$300,000,000) or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by <u>one-half or more of all Audit Committee members and then submitted to the Board of Directors for a resolution:</u></p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> </ol>	

Items	Original Version	Amended Version	Reason
	<p>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 and Article 14.</p> <p>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with this article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p><del>The calculation of the transaction amounts referred to in this paragraph shall be made in accordance with Article 6, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and ratified by the Audit Committee need not be counted toward the transaction amount.</del></p>	<p>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 and Article 14.</p> <p>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with this article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p>	

Items	Original Version	Amended Version	Reason
	<p>With respect to the types of transactions listed below, when to be conducted 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 are authorized to decide and execute within a certain amount by Board of Directors pursuant to Article 5, Paragraph 2, Subparagraph 3, and the transaction shall be submitted to and ratified by the most recent Board of Directors thereafter.</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol>	<p>With respect to the types of transactions listed below, when to be conducted 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 <u>or the authorized personnel</u> are authorized to decide and execute within <u>NT\$100 million (NT\$100,000,000)</u> by Board of Directors, and the transaction shall be submitted to and ratified by the most recent Board of Directors thereafter.</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p><u>If the Company and any subsidiaries that are not domestic public companies have any transaction referred to in the paragraph 2 and the transaction amount reaches 10 percent or more of the Company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the matters referred to in the paragraph 2 have been submitted and approved by Shareholders meeting. However, this shall not apply to transactions when to be conducted between the Company and its subsidiaries, or between its subsidiaries. The calculation of the transaction amounts referred to in this paragraph shall be made in</u></p>	

Items	Original Version	Amended Version	Reason
		<u>accordance with Article 6, Paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by Shareholders meeting, and approved by one-half or more of all Audit Committee members and then submitted to the Board of Directors for a resolution need not be counted toward the transaction amount.</u>	
Article 29	<p>The Procedures were enacted on June 10, 2003</p> <p>The 1st amendment was made on February 5, 2004</p> <p>The 2nd amendment was made on December 24, 2009</p> <p>The 3rd amendment was made on June 28, 2012.</p> <p>The 4th amendment was made on June 25, 2013.</p> <p>The 5th amendment was made on June 18, 2014.</p> <p>The 6th amendment was made on June 22, 2017.</p> <p>The 7th amendment was made on June 24, 2019.</p> <p>The 8th amendment was made on June 22, 2020.</p>	<p>The Procedures were enacted on June 10, 2003</p> <p>The 1st amendment was made on February 5, 2004</p> <p>The 2nd amendment was made on December 24, 2009</p> <p>The 3rd amendment was made on June 28, 2012.</p> <p>The 4th amendment was made on June 25, 2013.</p> <p>The 5th amendment was made on June 18, 2014.</p> <p>The 6th amendment was made on June 22, 2017.</p> <p>The 7th amendment was made on June 24, 2019.</p> <p>The 8th amendment was made on June 22, 2020.</p> <p><u>The 9th amendment was made on May 26, 2022.</u></p>	Correspondence to the amendment date.



**Wistron Information Technology and Services Corp.**  
**Comparison Between Original and Amendments to**  
**“Rules of Procedure for Shareholders Meeting”**

Items	Original Version	Amended Version	Reason
Article 1	The procedures for the Company’s Shareholders meeting (The “Meeting”), except as otherwise provided by law, regulation, or the Company’s Articles of Incorporation, shall be implemented in accordance with these Rules.	The procedures for the Company’s Shareholders meeting (The “Meeting”), except as otherwise provided by law, regulation, or the Company’s Articles of Incorporation, shall be implemented in accordance with these Rules.	Adjust Chinese wording.
Article 5	The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, 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, paragraph 1 of the Company Act, a tentative resolution may be adopted <del>by agreement of a majority of the votes represented by the attending shareholders</del> . All shareholders shall be notified of the tentative resolution and another meeting shall be convened within 1 month.	The chair shall call the meeting to order at the appointed meeting time <u>and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting</u> . However, when the attending shareholders do not represent a majority of the total number of issued shares, 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, paragraph 1 of the Company Act, a tentative resolution may be adopted. All shareholders shall be notified of the tentative resolution and another meeting shall be convened within 1 month.	To comply with the Regulation and adjust Chinese wording.

Items	Original Version	Amended Version	Reason
	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.	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.	
Article 7	The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend the Meeting in a non-voting capacity. <del>Staff handling administrative affairs of the Meeting shall wear identification cards or arm bands.</del>	The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend the Meeting in a non-voting capacity.	Delete partial and combine to Article 16.
Article 9	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. 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. 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.	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. 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. 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.	Delete partial and combine to Article 17.

Items	Original Version	Amended Version	Reason
	<p><del>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.</del></p> <p><del>After the Meeting adjourned, shareholders shall not elect other chair to resume the Meeting at the same or other venue.</del></p>		
Article 10	<p>Before speaking, <del>the chair or staff shall ask</del> an attending shareholder specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p>	<p>Before speaking, an attending shareholder <u>must</u> specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p>	To comply with the Company's operational needs.
Article 12	<p>When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed <del>and</del> call for a vote.</p>	<p><u>The chair shall allow ample opportunity during the Meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the</u></p>	To comply with the Regulation.

Items	Original Version	Amended Version	Reason
		chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, <u>call for a vote, and</u> <u>schedule sufficient time for voting.</u>	
Article 13	Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for meeting proposals or elections shall be conducted in public at the place of the Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the Meeting, and a record made of the vote. For the election of directors and independent directors, the voting results shall be announced on-site immediately, including the names of those elected as directors and independent directors and the numbers of votes with which they were elected.	Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for meeting proposals or elections shall be conducted in public at the place of the Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the Meeting, and a record made of the vote. For the election of directors and independent directors, the voting results shall be announced on-site immediately, including the names of those elected as directors and independent directors and the numbers of votes with which they were elected, <u>and the names of directors and independent directors not elected and number of votes they received. The ballots for the election shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</u>	To comply with the Regulation.

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. At the time of a vote, each proposal (<del>including extraordinary motions and amendments to original proposals</del>) shall be called <del>for a vote by the shareholders</del> <del>case by case.</del></p>	<p><u>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</u></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. At the time of a vote, <u>for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. 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></p>	To comply with the Regulation.
Article 15	<p><del>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</del></p>	<p><u>When the Company holds a Shareholders meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence.</u> A shareholder exercising voting rights by correspondence or electronic means <u>will be deemed to have</u></p>	<ol style="list-style-type: none"> <li>1. Delete partial and combine to Article 14.</li> <li>2. To comply with the Regulation.</li> </ol>

Items	Original Version	Amended Version	Reason
	<p><del>no further voting shall be required.</del>  A shareholder exercising voting rights by correspondence or electronic means, <del>whose rights</del> with respect to the extraordinary motions and amendments to original proposals of the Meeting <del>will be deemed to be abstentions.</del></p>	<p><u>attended the meeting in person, but to have waived his/her rights</u> with respect to the extraordinary motions and amendments to original proposals of the Meeting.</p> <p><u>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the Shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the Shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two days before the date of the Shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.</u></p>	

Items	Original Version	Amended Version	Reason
		<u>When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a Shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</u>	
Article 16	<p>The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."</p>	<p><u>Staff handling administrative affairs of the Meeting shall wear identification cards or arm bands.</u></p> <p>The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."</p> <p><u>At the place of a Shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.</u></p> <p><u>When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the Meeting.</u></p>	To comply with the Regulation.
Article 17	<p>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 <del>without</del></p>	<p><u>When a Meeting is in progress, the chair may announce a break based on time considerations.</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</p>	To comply with the Regulation.

Items	Original Version	Amended Version	Reason
	<del>notice and public announcement.</del>	Meeting; or a resolution may be adopted at the Meeting to <u>defer or resume the Meeting within 5 days in accordance with Article 182 of the Company Act.</u>	
Article 18	<p>These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.</p> <p>The Rules were enacted on June 28, 2002</p> <p>The 1st amendment was made on April 26, 2010</p> <p>The 2nd amendment was made on October 8, 2010</p> <p>The 3th amendment was made on June 25, 2013</p> <p>The 4th amendment was made on June 22, 2020.</p>	<p>These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.</p> <p>The Rules were enacted on June 28, 2002</p> <p>The 1st amendment was made on April 26, 2010</p> <p>The 2nd amendment was made on October 8, 2010</p> <p>The 3th amendment was made on June 25, 2013</p> <p>The 4th amendment was made on June 22, 2020.</p> <p><u>The 5th amendment was made on May 26, 2022.</u></p>	Correspondence to the amendment date.



**List of Outside Directorships for Nominees of Directors  
(including Independent Directors)**

Title	Name	Current Positions
Director	Ching Hsiao	Director of Wistron Information Technology and Services Limited Director of WITS America, Corp. Director of Wistron Information Technology and Services Inc. Chairman of Wistron Information Technology and Services (Beijing) Inc. Chairman of Wistron ITS (Wuhan) Co. Representative Director of Wistron Information Technology and Services (Japan) Inc. Director of Wistron ITS (Hong Kong) Limited Chariman of WITS Taiwan, Inc.
Director	Wistron Digital Technology Holding Company Representative: Frank Lin	Chief Staff Officer of Wistron Corp. Director of Wistron NeWeb Corp. Chairman of WiseCap Ltd. Chairman of WLB Ltd. Director of Changing Information Technology Inc. Supervisor of aEnrich Technology Corp. Director of IP Fund Six Director of Wiwynn Corporation Director of Join-Link International Technology Co., Ltd. Director of Maya International Co., Ltd. Director of Wistron Medical Tech Holding Company Director of Wistron Digital Technology Holding Company Director of Wistron Medical Tech Corporation Director of Pell Bio-Med Technology Co., Ltd. Chariman of WiSuccess Asset Management Corporation Director of Hartec Asia Pte. Ltd. Chairman of WiseCap (Hong Kong) Ltd. Director of Hukui Biotechnology Corp. Chairman of B-Temia Asia Pte Ltd.
Director	Philip Peng	Independent Director of AU Optronics Corp. Independent Director of Apacer Technology Inc. Director of Wistron Corp. Director of Wistron NeWeb Corp. Chairman of Smart Capital Corp. Supervisor of Allxon Inc. Director of Zigong Art Sharing Co., Ltd.
Independent Director	Yen Ling Fang	CEO of Peace & Grace International Attorneys at Law Representative of Legal Entity Director of Tainan Enterprises Co., Ltd. Independent Director of Pharmosa Biopharm Inc. Independent Director of TaiSol Electronics Co., Ltd.
Independent Director	Jennifer Hwang	Director of Commerce Development Research Institute Director of Imperial Food Co., Ltd.
Independent Director	Allen Tsai	Executive Director of Taiwan Institute of Directors Adjunct Associate Professor of Institute of Business and Management, NYCU
Independent Director	Y.K. Chu	Vice Chairman of Alpha Ring Asia Inc. Senior Partner of WI Harper Group

**Wistron Information Technology and Services Corp.**  
**Rules of Procedure for Shareholders Meeting** (Before Amendments)

- Article 1 The procedures for the Company's shareholders meeting (The "Meeting"), except as otherwise provided by law, regulation, or the Company's Articles of Incorporation, shall be implemented in accordance with these Rules.
- Article 2 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.  
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.  
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 plus the number of shares whose voting rights are exercised by correspondence or electronically.  
Shareholders and their proxies (collectively, "shareholders") shall attend the Meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- Article 3 Attendance and voting at the Meeting shall be calculated based on the number of shares.
- Article 4 The venue for the Meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for the Meeting. The Meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, 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, paragraph 1 of the Company Act, a tentative resolution may be adopted by agreement of a majority of the votes represented by the attending shareholders. All shareholders shall be notified of the tentative resolution and another meeting shall be convened within 1 month.  
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.

- Article 6 If the Meeting is convened by the Board of Directors, the Meeting shall be chaired 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 Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. When a director serves as chair, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair. If the Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting.
- Article 7 The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend the Meeting in a non-voting capacity. Staff handling administrative affairs of the Meeting shall wear identification cards or arm bands.
- Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Meeting, and the voting and vote counting procedures. The recorded materials shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- Article 9 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. 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. 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. 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. After the Meeting adjourned, shareholders shall not elect other chair to resume the Meeting at the same or other venue.
- Article 10 Before speaking, the chair or staff shall ask an attending shareholder specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually

speech shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 11 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the Meeting. When a juristic person shareholder appoints two or more representatives to attend the Meeting, only one of the representatives so appointed may speak on the same proposal.

If the shareholder's speech violates the rules in the preceding 2 paragraphs, exceeds the scope of the agenda item, or is out of order, the chair may stop or terminate the speech. After an attending shareholder has spoken, the chair may respond in person or designate relevant personnel to respond.

Article 12 When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 13 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for meeting proposals or elections shall be conducted in public at the place of the Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the Meeting, and a record made of the vote. For the election of directors and independent directors, the voting results shall be announced on-site immediately, including the names of those elected as directors and independent directors and the numbers of votes with which they were elected.

Article 14 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.

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.

Article 15 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. A shareholder exercising voting rights by correspondence or electronic means, whose rights with respect to the extraordinary motions and amendments to original proposals of the Meeting will be deemed to be abstentions.

Article 16 The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word “Proctor.”

Article 17 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.

Article 18 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 3rd amendment was made on June 25, 2013

The 4th amendment was made on June 22, 2020.

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

### **Articles of Incorporation (Before Amendments)**

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

- Article 1 The Company is incorporated in accordance with the provisions under the Company Law by the name of Wistron Information Technology and Services Corporation.
- Article 2 Our Company engages in the following businesses:  
I301010 Software Design Services  
I301030 Digital Information Supply Services  
I301020 Data Processing Services  
E605010 Computing Equipments Installation Construction  
F118010 Wholesale of Computer Software  
F218010 Retail Sale of Computer Software  
I199990 Other Consultancy  
ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Company is not subject to Article 13 of the Company Act pertaining to the restrictions for re-investment amount.
- Article 2-2 The Company may engage in external endorsements and guarantees to meet business and investment needs.
- Article 3 The head office of the Company is located in New Taipei City. Subject to the approval by Board of Directors, the Company may set up branch offices at home and abroad when necessary.
- Article 4 (Delete)

#### **Chapter II Share Capital**

- Article 5 The total capital amount of the Company is 1,200 Million New Taiwan Dollars (NTD1,200,000,000), which is divided into 120 Million (120,000,000) shares with a par value of Ten New Taiwan Dollars (NTD10) each and will be issued as common shares or preferred shares by installments by Board of Directors. An amount of 120 Million New Taiwan Dollars (NTD120,000,000) from the above total capital amount divided into 12 Million (12,000,000) shares with a par value of Ten New Taiwan Dollars each (NTD10) are reserved for the issuance of employee stock options.
- Article 5-1 The employees entitled to receive shares, which bought back by the Company, or share subscription warrants, or restricted stock for employees, or reserved for subscription by employees when the Company issues new shares, may including the employees of subsidiaries of the Company meeting certain specific requirements which will be determined by the Board of Directors.
- Article 6 (Delete)
- Article 7 The issued shares of the Company are exempt from printing stocks, but the registration at the centralized securities depository enterprise is necessary; the same rule also applies to other securities.

Article 8 All matters concerning shares of the Company shall be handled in accordance with the Company Act and “Regulations Governing Administration of Shareholder Services of Public Companies”, except for those regulated by legal or securities authorities.

### **Chapter III Shareholders Meeting**

Article 9 Shareholders meetings of the Company are divided into Regular meetings and Special meetings. The Regular meetings will be duly convened within six months following the close of each fiscal year by Board of Directors in accordance with laws and regulations. Special meetings shall be convened, whenever deemed necessary in accordance with the laws and regulations.

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. 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.

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.

Article 12 Resolutions at a shareholders meeting shall, unless otherwise provided in the relevant laws or regulations, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 12-1 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.

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

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 director candidate list via the candidate nomination system. Each Director will serve an office term of three years and may be re-elected. The Company shall purchase liability insurance for the Directors to protect them against potential liabilities arising from their exercising of Director duties.

Article 13-1 The Board of Directors shall be composed of at least 3 Independent Directors, who will be elected by the shareholders meeting from among the independent director candidate list. 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.

- Article 13-2 In accordance with Article 14-4 of “Securities and Exchange Act”, the Company shall establish an Audit Committee, which shall be composed of the entire number of Independent Directors. The authority of the Audit Committee and the other compliance issues shall be implemented in compliance with the Company Act, the Securities and Exchange Act, other relevant laws and regulations, and the company by laws.
- Article 14 In calling a meeting of the Board of Directors, a notice shall set forth therein the subject(s) to be discussed at the meeting and shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. The aforesaid meeting notice may be prepared in writing or by way of electronic transmission.
- 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 Chairman internally presides the shareholders meeting and the meeting of the Board of Directors, and externally represent the Company.  
The company may set up functional committees for any functions.
- Article 16 (Delete)
- 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 with an appointment form. Only one proxy could be consigned.
- Article 17-1 (Delete)
- Article 18 Compensation and transportation allowances paid to the Company’s directors shall be reported by Compensation Committee to the Board of Directors based on the overall standards among the industry, and determined by the Board of Directors’ resolution. The compensation and transportation allowances will be paid whether the Company has profit or suffered loss.

#### **Chapter V Managerial Officers**

- Article 19 The company may have one or more managerial officers, whose appointment, discharge and compensation will be determined in accordance with Article 29 of the Company Act. Subject to the authority prescribed by the Board of Directors, the officers shall be empowered to manage the operation of the Company and to sign relevant business documents for the Company.

#### **Chapter VI Accounting**

- Article 20 The Board of Directors shall prepare the following statements and records after the end of the fiscal year:
1. Business report;
  2. Financial statements;
  3. Surplus earning distribution or loss off-setting proposals,
- which shall be submitted to Regular shareholders meeting for approval in accordance with the laws and regulations.



- Article 21 If the Company has profit (referred to the profit before tax, excluding the employees' profit sharing bonus and directors' remuneration) as a result of the yearly accounting closing, the profit shall be distributed in accordance with the following provisions provided. However, the Company's accumulated losses shall have been covered.
- No less than 10% of the profit from current year as employees' profit sharing bonus. The Company may distribute profit sharing bonus in the form of shares or in cash to employees, including the employees of subsidiaries of the Company meeting certain specific requirements which determined by the Board of Directors;
- No more than 2% of the profit from current year as directors' remuneration in cash.
- Article 21-1 If the Company has surplus profit, shall first pay all 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.
- In consideration that the development of the Company is in its stable growing phase, the Company adopts residual dividend policy to meet its long-term investment plan for sustainable business and continuous growth. Dividend distributed by cash shall be no less than 10% of the sum of cash dividends and stock dividends.

#### **Chapter VII Supplementary Provisions**

- Article 22 Matters not prescribed under the Articles of Incorporation shall be in accordance with the Company Act and the relevant rules and regulations.
- Article 22-1 (Delete)
- Article 23 The Article of Incorporation was enacted on May 20, 1992
- The 1st amendment was made on May 28, 1992
- The 2nd amendment was made on August 1, 1992
- The 3rd amendment was made on August 16, 1993
- The 4th amendment was made on December 15, 1996
- The 5th amendment was made on September 25, 1997
- The 6th amendment was made on January 6, 1998
- The 7th amendment was made on February 15, 1998
- The 8th amendment was made on October 1, 1998
- The 9th amendment was made on November 10, 1998
- The 10th amendment was made on November 11, 1998
- The 11st amendment was made on January 7, 1999
- The 12nd amendment was made on August 17, 1999
- The 13rd amendment was made on April 13, 2000
- The 14th amendment was made on April 18, 2001
- The 15th amendment was made on March 4, 2002
- The 16th amendment was made on June 28, 2002
- The 17th amendment was made on July 18, 2002

The 18th amendment was made on September 20, 2002  
The 19th amendment was made on February 5, 2004  
The 20th amendment was made on June 30, 2004  
The 21st amendment was made on June 30, 2004  
The 22nd amendment was made on June 14, 2005  
The 23rd amendment was made on May 30, 2006  
The 24th amendment was made on June 11, 2007  
The 25th amendment was made on June 30, 2008  
The 26th amendment was made on June 25, 2009  
The 27th amendment was made on December 24, 2009  
The 28th amendment was made on April 26, 2010  
The 29th amendment was made on June 28, 2011  
The 30th amendment was made on June 28, 2012  
The 31st amendment was made on June 25, 2013  
The 32nd amendment was made on June 18, 2014  
The 33rd amendment was made on June 24, 2016.  
The 34th amendment was made on June 21, 2018.  
The 35th amendment was made on June 24, 2019.  
The 36th amendment was made on June 22, 2020.

**Wistron Information Technology and Services Corp.**  
**Procedures for Acquisition and Disposal of Assets (Before Amendments)**

- Article 1 Purpose and Legal Basis  
To comply with regulations and reinforce the Company’s management of “Procedures for Acquisition and Disposal of Assets” (the “Procedures”), the Procedures are amended in accordance with Article 36-1 of “Securities and Exchange Act” and relevant regulations issued by Financial Supervisory Commission (“FSC”).
- Article 2 The term “assets” as used in the Procedures includes the following:
1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
  2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
  3. Memberships.
  4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
  5. Right-of-use assets.
  6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
  7. Derivatives.
  8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
  9. Other major assets.
- Article 3 Definition
1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
  2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the “Business Mergers and Acquisitions Act”, “Financial Holding Company Act”, “Financial Institution Merger Act” and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the “Company Act”.
  3. The term “related party” and “subsidiary” as used in the Procedures shall be defined by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

4. The term “date of occurrence” as used in the Procedures refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
5. The term “professional appraiser” as used in the Procedures refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
6. The term “within the preceding year” as used in the Procedures refers to the year preceding the date of occurrence of the current acquisition or disposal of assets. Items had been publicly announced need not be counted toward the transaction amount.
7. The term “the most recent financial statement” as used in the Procedures refers to the publicly announced financial statement audited or reviewed by a certified public accountant (“CPA”) before the acquisition or disposal of assets by the Company as required by law.
8. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the “Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area”.
9. Securities exchange: Domestic securities exchange refers to the Taiwan Stock Exchange Corporation; foreign securities exchange refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
10. Over-the-counter venue (“OTC venue”, “OTC”): Domestic OTC venue refers to a venue for OTC trading provided by a securities firm in accordance with the “Regulations Governing Securities Trading on the Taipei Exchange”; foreign OTC venue refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

#### Article 4

#### Procedures for Evaluation and Operation of Acquisition or Disposal of Assets

1. The acquisition or disposal of securities
  - (1) For the securities acquired or disposed on a centralized securities exchange market or OTC venue, the operating department shall submit the purposes of acquisition or disposal, the subject matter and references of price to competent authority for approval.
  - (2) For the securities acquired or disposed on a centralized securities exchange market or OTC venue, the operating department shall submit the purposes of acquisition or disposal, the subject matter, the counterparties, the transfer price, receipt and payment term, and references of price to competent authority for approval.
2. For acquisition or disposal of real property, equipment, memberships, intangible assets, right-of-use assets, and assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law, the operating department shall submit the purposes of acquisition or disposal, the subject matter, the counterparties, the transfer price, receipt and payment term, and references of price to competent authority for approval.

3. For evaluation of derivatives, the chief financial officer shall regularly convene meetings with related persons to review operational strategies and performance. Generally, derivatives trading positions and performance shall be reported to chief financial officer every two weeks, and to chairman each quarter.
4. Relevant operations for acquisition or disposal of assets shall be implemented in compliance with the Company's Internal Control Systems.

## Article 5

### Procedures for Ratification and Decision of Acquisition or Disposal of Assets

#### 1. Price determination and supporting reference materials:

- (1) For the securities acquired or disposed on a centralized securities exchange market or OTC venue, the price shall be determined by the market price at the time of transaction. For the securities not acquired or disposed on a centralized securities exchange market or OTC venue, the price shall be determined by reference to book value per share, profitability, potential development for future, and transaction price at the time.
- (2) The acquisition or disposal of real property or right-of-use assets thereof and equipment or right-of-use assets thereof, shall be carried out through price competition, price negotiation, or call for tenders. As to the price of real property or right-of-use assets thereof, it shall be determined by reference to the announced present value, appraised present value, and the actual transaction price in neighboring parcels.
- (3) For acquisition or disposal of memberships, the price shall be integrally evaluated by reference to expected future increment and benefit produced.
- (4) For acquisition or disposal of patents, copyrights, trademarks, franchise rights, and other intangible assets or right-of-use assets thereof, the price shall be entirely determined by reference to future expected profit, technology development and innovation, legally protected conditions, license and implementation, and cost of production and implementation; in addition, price determination shall take the related element of right owners and licensees into consideration.

#### 2. Level of Delegation/Authorization:

Acquisition or disposal of assets of the Company, except for those regulated by Article 185 of the Company Act shall be submitted to Shareholders meeting for approval, is authorized to the in-charge department for implementation, and the authorization level is as following:

- (1) Acquisition or disposal of securities: unless otherwise provided below, it shall be approved by Board of Directors:
  - A. Chairman is authorized to decide and execute by Board of Directors for securities under NT\$100 million (NT\$100,000,000) and the transaction shall be reported to Board of Directors thereafter.
  - 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 NT\$100 million (NT\$100,000,000) and the transaction shall be reported to Board of Directors thereafter. However, for related party transactions subject to the Article 12 of the Procedures, the provisions of Article 12 shall prevail.

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 NT\$100 million (NT\$100,000,000); and approval of chairman is required when the amount exceeding NT\$100 million (NT\$100,000,000).

(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 NT\$100 million (NT\$100,000,000) 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.

(3) For acquisition or disposal of the 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 NT\$100 million (NT\$100,000,000) 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 NT\$100 million (NT\$100,000,000) 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 NT\$100 million (NT\$100,000,000) and the transaction shall be reported to Board of Directors thereafter.

(4) The acquisition and disposal of derivatives shall be authorized to the authorized personnel in accordance with “Rules and Procedures for Derivatives Transactions” of the Company, and be reported to the most recent Board of Directors.

### 3. Operating Department

The operating department for transaction of securities and derivatives is Finance Division; the operating department for real property, equipment, intangible assets, memberships, right-of-use assets, and assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law is application department and associated sectors.

## Article 6

### Procedures for Public Announcement and Filing

1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC’s designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

(1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total

assets, or NT\$300 million (NT\$300,000,000) or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- (2) Merger, demerger, acquisition, or transfer of shares.
  - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures adopted by the Company.
  - (4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million (NT\$500,000,000) or more.
  - (5) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million (NT\$500,000,000) or more.
  - (6) Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million (NT\$300,000,000) or more; provided, this shall not apply to the following circumstances:
    - A. Trading of domestic government bonds.
    - B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. The amount of transactions above shall be calculated as follows:
- (1) The amount of any individual transaction.
  - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
  - (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
  - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
3. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.
4. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

5. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days counting inclusively from the date of knowing of such error or omission.
6. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.
7. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
  - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
  - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - (3) Change to the originally publicly announced and reported information.

#### Article 7

##### Scope and Amount of Acquisition or Disposal of Assets

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:
  - (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 audited or reviewed by CPA.
  - (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 audited or reviewed by CPA.
  - (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 audited or reviewed by CPA.
2. As to the subsidiaries of the Company, acquisition or disposal of assets shall not exceed the limitation as following:
  - (1) Real property or right-of-use assets thereof and securities for non-business use may not be acquired.
  - (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 audited or reviewed by CPA.
  - (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 audited or reviewed by CPA.



- Article 8 Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries.
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 or each supervisor 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.
  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 announced and filed by the Company with copies to relevant authorities as prescribed in the Procedures.
  3. The paid-in capital or total assets of the Company audited or reviewed 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.
  4. The Company shall supervise that subsidiaries adopt and implement its “Procedures for Acquisition and Disposal of Assets”, and audit their implementation.

Article 9 Penalties for Violation of the Procedures

In the case where Company’s employees or personnel violate the provisions in the Procedures, it shall be proceeded in accordance with the “Personnel Management Rules” of the Company and relevant measures.

Article 10 Appraisal Report from a Professional Institution

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million (NT\$300,000,000) or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion (NT\$1,000,000,000) or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser’s appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of “Statement of Auditing Standards No. 20” published by the ROC Accounting Research and Development Foundation (“ARDF”) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

#### Article 11

##### CPA's Opinion

1. When the transaction amount of acquisition and disposal of securities 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.

In accordance with FSC letter No. 1070331908 and the exception rule provided in the Article 10 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the following circumstances are exempt from the preceding provisions herein:

- (1) Securities acquired through cash contribution in an incorporation by promotion or by public offering in accordance with regulation and law, with the further requirement that the rights represented by the acquired securities be commensurate with the proportion of capital contributed.
- (2) Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the Company as a sponsor of the issue.
- (3) Securities issued by the subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or between the subsidiaries in which it holds 100 percent of the issued shares carrying out a cash capital increase, with the Company as a sponsor of the issue.
- (4) Securities listed and traded on the Taiwan Stock Exchange ("TWSE") or the Taipei Exchange ("TPEX") or emerging stocks.
- (5) Domestic government bonds or bonds under repurchase and resale agreements.
- (6) Mutual funds.
- (7) TWSE or TPEX listed securities acquired or disposed of in accordance with the TWSE or TPEX rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
- (8) Securities acquired through the Company's sponsorship of a cash capital increase by a domestic public company or domestic corporate bonds (including financial bonds), when the securities acquired are not privately placed.

- (9) Subscription to fund shares before the establishment of a fund in accordance with Article 11, Paragraph 1 of the “Securities Investment Trust and Consulting Act”, and subscription or redemption of domestic private funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a mutual fund.
2. Where the Company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million (NT\$300,000,000) or more, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of “Statement of Auditing Standards No. 20” published by the ARDF.
3. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 11-1 The calculation of the transaction amounts referred to in the preceding two articles shall be done in accordance with Article 6, Paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA’s opinion has been obtained need not be counted toward the transaction amount.

### **Related Party Transactions**

Article 12 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the Procedures, if the transaction amount reaches 10 percent or more of the company’s total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA’s opinion in accordance with regulations.

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million (NT\$300,000,000) or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and ratified by the Audit Committee:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 and Article 14.

4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with this article.
7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in this paragraph shall be made in accordance with Article 6, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and ratified by the Audit Committee need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted 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 are authorized to decide and execute within a certain amount by Board of Directors pursuant to Article 5, Paragraph 2, Subparagraph 3, and the transaction shall be submitted to and ratified by the most recent Board of Directors thereafter.

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

#### Article 13

The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
3. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed above.
4. The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding three paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.
5. Where a public company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be

conducted in accordance with Article 12, and the preceding four subparagraphs do not apply:

- (1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
- (4) The real property right-of-use assets for business use are acquired 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.

Article 14 When the results of the Company's appraisal conducted in accordance with subparagraph 1 to 3 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 15. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50

percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 15 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Article 13 and Article 14 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside against the difference between the transaction price of real property or right-of-use assets thereof and the appraised cost.
2. Independent Directors of Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a Shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

### **Derivatives Transactions**

Article 16 The Company engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into the Procedures:

1. Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
2. Risk management measures.
3. Internal audit system.
4. Regular evaluation methods and the handling of irregular circumstances.

Article 17 The Company engaging in derivatives trading shall adopt the following risk management measures:

1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.

4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

5. Other important risk management measures.

Article 18 Management principles of Board of Directors:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.

2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

Management principles of senior management personnel authorized by the Board of Directors:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with "Rules and Procedures for Derivatives Transactions" set by the Company.

2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; an independent director shall be present at the meeting and express an opinion.

Article 19 The Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Article 17, subparagraph 4 and Article 18, Paragraph 1, Subparagraph 2 and Paragraph 2, Subparagraph 1 shall be recorded in detail in the log book.

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to "Rules and Procedures for Derivatives Transactions", and prepare an audit report. If any material violation is discovered, Audit Committee shall be notified in writing.

### **Mergers, Demergers, Acquisitions, or Transfer of Shares**

Article 20 The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 21 The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the Shareholders meeting and include it along with the expert opinion referred to the preceding Article when sending shareholders notification of the Shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts from convening a Shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the Shareholders meeting of any one of the Company or the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the Shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next Shareholders meeting.

Article 22 The Company shall convene a Board of Directors meeting and Shareholders meeting on the same day of the transaction to resolve matters relevant to the merger, demerger, acquisition, or transfer of shares with the companies participating in a merger, demerger, acquisition, or transfer of shares, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

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

Article 23 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares of the Company shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 24 The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:



1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 25 The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated Shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 26 After public disclosure of the information, if the Company intends further to carry out a merger, demerger, acquisition, or share transfer with another company, the Company shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and the Company's Shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, may be exempted from calling another Shareholders meeting to resolve on the matter anew.

Article 27 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 22, Article 23, and Article 26 of the Procedures.

Article 28 Other Items

1. Matters not prescribed under the Procedures shall be in accordance with relevant law and regulations as well as the relevant rules and regulations of the Company. If the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" in the original order are amended by the competent authority, the Company shall apply the provisions in the new order.

2. When the Procedures were submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' specific opinions of assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.
3. Accordance with relevant regulations, the Procedures shall be approved by one-half or more 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. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to Audit Committee.
4. The matters, which shall be approved by Board of Directors in accordance with the Procedures or other law and regulations, if any director expresses dissent from and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to Audit Committee.
5. When the transaction of acquisition or disposal of assets in compliance with preceding paragraph is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' specific opinions of assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.
6. Chairman may establish more conservative management principles in accordance with the Procedures. These principles shall be approved by vote of two-thirds of the directors at a Board of Directors meeting at which two-thirds of the directors are present; the same applies when the principles are amended.
7. When the Company intends to engage any transaction involving major assets or derivatives, it shall be approved by one-half or more of all Audit Committee members and submitted to the Board of Directors for a resolution.
8. If approval of one-half or more of all Audit Committee members as required in the Paragraph 3 and Paragraph 7 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.
9. The terms "all Audit Committee members" in Paragraph 7 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.
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 (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 granted consent from Taipei Exchange (referred as “TPEX”), and then 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 TPEX in the form of letter for recordation.

- Article 29    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.  
                  The 8th amendment was made on June 22, 2020.

**Wistron Information Technology and Services Corp.**  
**Rules for Election of Directors**

- Article 1 Except as otherwise provided by relevant law and regulation, the Company Act, or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Rules.
- Article 2 Directors of the Company will be elected by the shareholders meeting from among director candidate list via candidate nomination system in accordance with Article 192-1 of the Company Act.
- Article 3 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.
- Article 4 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.
- Article 5 Elections of independent directors and non-independent directors shall proceed as one election, with number of positions separately calculated. Those receiving ballots representing the highest numbers of voting rights will be elected as independent directors and non-independent directors. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.  
When none of the elected of the independent directors possess accounting or finance expertise, the votes of the candidates who possess accounting or finance expertise shall be calculated separately. The one who receive the most votes shall be elected. The other positions shall be proceed as prescribed in the preceding paragraph.
- Article 6 The Board of Directors or other person with the right to convene shall have the ballots numbered in a series and specify the number of voting rights on the ballots when preparing the ballots.
- 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 monitoring personnel shall be appointed from among shareholders.
- Article 8 The ballot boxes shall be prepared by the Board of Directors or other person with the right to convene and publicly checked by the vote monitoring personnel before voting commences.
- Article 9 (Delete)
- 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 no prepared by the Board of Directors or other person with the right to convene.
3. A blank ballot not filled by voting shareholders.
4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
5. Other words or marks are entered in addition to the number of voting rights allotted and the candidate's name.
6. The writing is unclear and indecipherable or has been altered.

Article 11 The vote monitoring personnel shall monitor the calculation of the ballot, and the results of the calculation, 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, shall be announced by the chair on the site.

Article 12 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Article 13 The Rules were enacted on June 28, 2001.  
The 1st amendment was made on June 25, 2013.  
The 2nd amendment was made on July 23, 2021.

**Wistron Information Technology and Services Corp.**  
**Shareholdings of Directors**  
(As of March 28, 2022)

Title	Name	Number of Shares
Chairman	Ching Hsiao	3,272,280
Director	Wistron Digital Technology Holding Company Representative : Frank Lin	15,718,837
Director	Philip Peng	0
Director	Marty Chiou	241,000
Director	David Lee	0
Independent Director	Frank Juang	0
Independent Director	Allen Fan	0
Independent Director	C.K.Chiang	0
Independent Director	Yen Ling Fang	0
Total		19,232,117

- (1) The common shares of Wistron ITS are 66,921,088 shares.
- (2) The minimum shares shall be owned by all directors are 5,353,687 shares.
- (3) The Company has established Audit Committee, so the minimum requirement of shareholdings of the supervisors shall not apply.