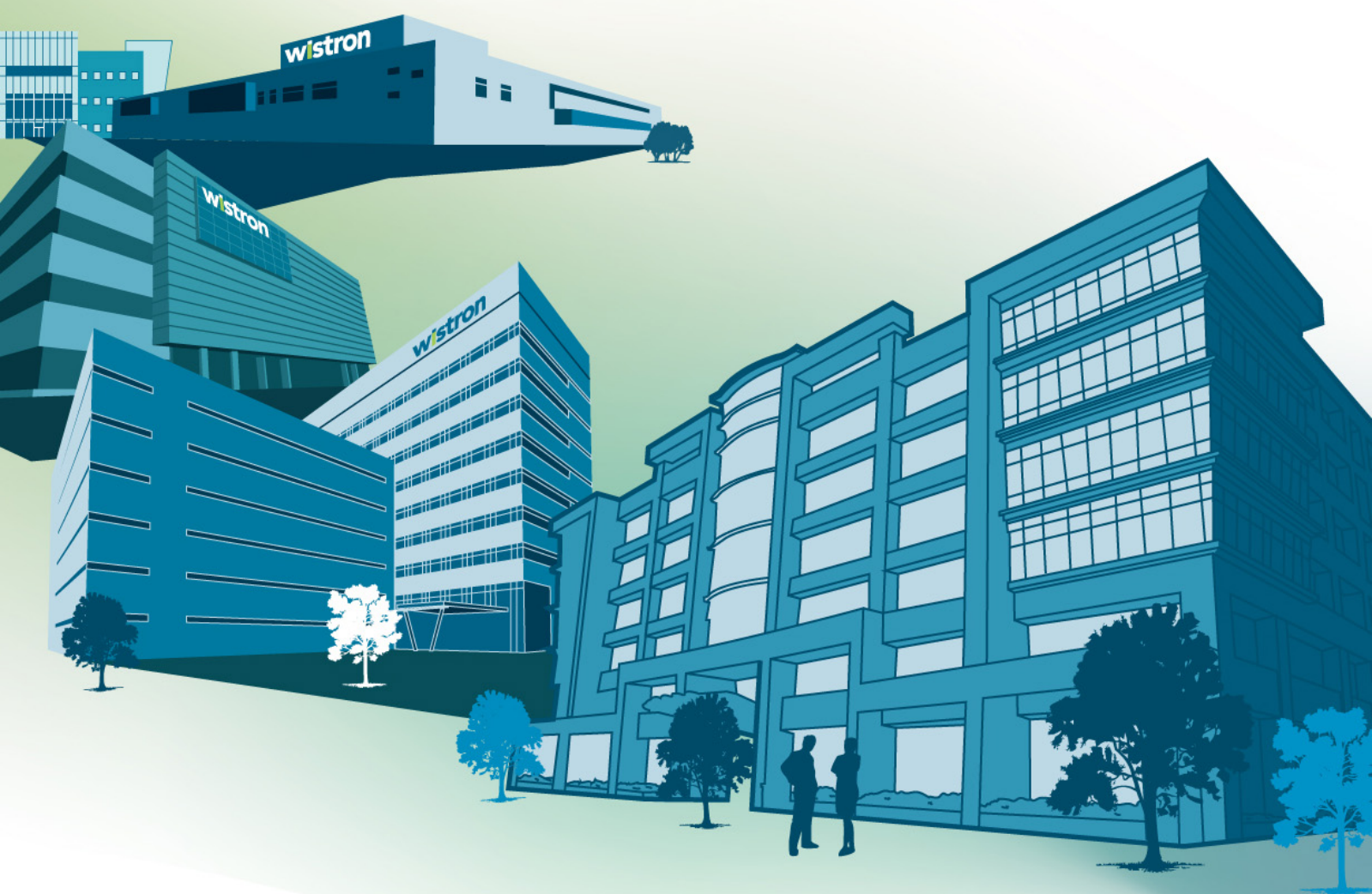


Wistron Corporation 2019 Annual Report

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Wistron annual report is available at <http://www.wistron.com>

Published Date April 30 , 2020



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1. Letter to Shareholders

Dear Shareholders,

2019 was a year with rapid changes. While the global economy had lackluster performance and trade wars became more intense, Wistron's business continuously performed well.

Furthermore, we restructured our internal organization during this critical year and divided the company into three business entities: (1) Wistron Technologies, (2) Wistron Smart Devices, and (3) Growth Incubator. We also kicked off the management transition to the next generation, actively developing and promoting outstanding younger managers to fulfill the company's future needs.

Hereby, I would like to briefly summarize Wistron's 2019 business results, business plan for 2020, and the company's future development strategy as follows.

2019 Financial and Operation Results

In 2019, our consolidated revenue reached NT\$878.26 billion, and net profit attributable to owners of parent was NT\$6,801 million, with earnings per share (EPS) of NT\$2.40. Consolidated revenue for the previous year was NT\$889.5 billion, net profit attributable to owners of parent was NT\$4,908 million, and EPS was NT\$1.76. Gross margin in 2019 was 4.8%, compared with 4.2% in 2018, and operating margin improved to 1.51% from 1.2% one year earlier.

In 2019 among our product lines, server, display, smart device, and components module businesses enjoyed growth. While the traditional consumer products (e.g. notebook, and desktop computer) suffered slower demand, their sales either remained at the same level or experienced a decline compared with the previous year.

Honors and Awards

In 2019, Wistron received the MSCI ACWI ESG rating of AA. The Company was also ranked in the top 5% in the 6th Corporate Governance Evaluation implemented by the Taiwan Stock Exchange (TWSE) and was selected as a constituent stock in the FTSE4Good TIP Taiwan ESG Index. Wistron also received the Commonwealth Magazine Excellence in Corporate Social Responsibility award in the large enterprise category for ten consecutive years.

2020 Business and Operation Focus

The COVID-19 pandemic which began sweeping around the world starting in the first quarter seriously affected the resumption of work and transportation activities of Chinese factories and supply chains. However, the company began to initiate several contingency measures and expects that the production level will gradually recover in the second quarter.

Even with this disruption, Wistron still focuses on the effective execution of our operating strategies and continues to focus on the five major operating directions which are as follows:

(1) Optimizing global footprints

To cope with ever-changing environment with rapid change of customer needs, we are enhancing our global footprints including the extension of new manufacturing plants. We are also developing cloud technology and platforms to improve overall management and operational efficiency across global footprints.

(2) Build technology services and innovation value

In addition to improving the satisfaction of existing ODM/OEM customers, we are committed to providing a high-quality business customer experience and developing new businesses and technologies such as industrial computers, professional displays, and consumer and smart devices to increase our profitability by adjusting the product portfolio.

(3) Aggressively invest, develop and acquire key technologies

We continue to invest and seek cooperation opportunities with partners, pre-arrange the application needs of industrial value chains such as artificial intelligence (AI) and 5G, and accumulate intellectual property rights and breakthrough technologies.

(4) Making positive impacts from digital transformation

In order to optimize internal management systems, establish a high-performance team, and provide more mature products and services, Wistron actively drives the integration of digitalization, analytics, and artificial intelligent (AI). We expect to make positive impacts throughout data-driven execution.

(5) Pursuing sustainable value for better engagement on ESG

Wistron has setup an ESG (Environment, Society, and Governance) Committee in 2019. Corporate sustainability and social responsibilities were upgraded to board level to establish the top-down strategic direction. We will closely engage with stakeholders to respond to their enquiries while promoting Wistron's ESG visibility.

Outlook for the Future

While we approach a path toward our third decade, Wistron will continue to accelerate the pace of global footprints with a diversified approach, strengthen forward-looking investments in technology and patents, implement digital transformation with artificial intelligence (AI) applications, and promote corporate sustainability with ESG performance to maintain our competitive advantage.

At the same time, Wistron will continue to develop corporate sustainability with the management philosophy of altruism, driving us to the digital vision of being “the technology powerhouse for better life and environment.”

Thank you for all your support and encouragement to Wistron over the years. Looking ahead, the company’s management team and all employees will continue to act smart to create the greatest value for the company and shareholders.

Chairman



2. Wistron Corporation Introduction

Wistron Corporation is a global leading technology service provider (TSP) supplying innovative ICT (information and communications technology) products, service solutions, and systems to top branded companies worldwide.

Our product and service lines include PCs, server and networking systems, enterprise storage solutions, professional display products, communication devices, after-sales services, and electronics scrap recycling, as well as cloud and display vertical integration solutions. With the development of cloud computing, Wistron combines hardware devices and cloud data systems through software services to provide technical service platforms and solutions to our customers. In addition, Wistron has been dedicated to building value chain in ICT industry and innovation platforms in the new era of education and enterprise services, IOT, and medical services.

From initial product conceptualization, volume manufacturing and after-sales repairing to end-of-life products recycling, Wistron supports customers with the products and related services reaching international standards for innovation and quality levels.

Wistron was founded on May 30, 2001. With 80,000 employees in various R&D, manufacturing, and after-sales service facilities in North America, Europe, and Asia, Wistron's revenue reached NTD\$878.26 billion in 2019.

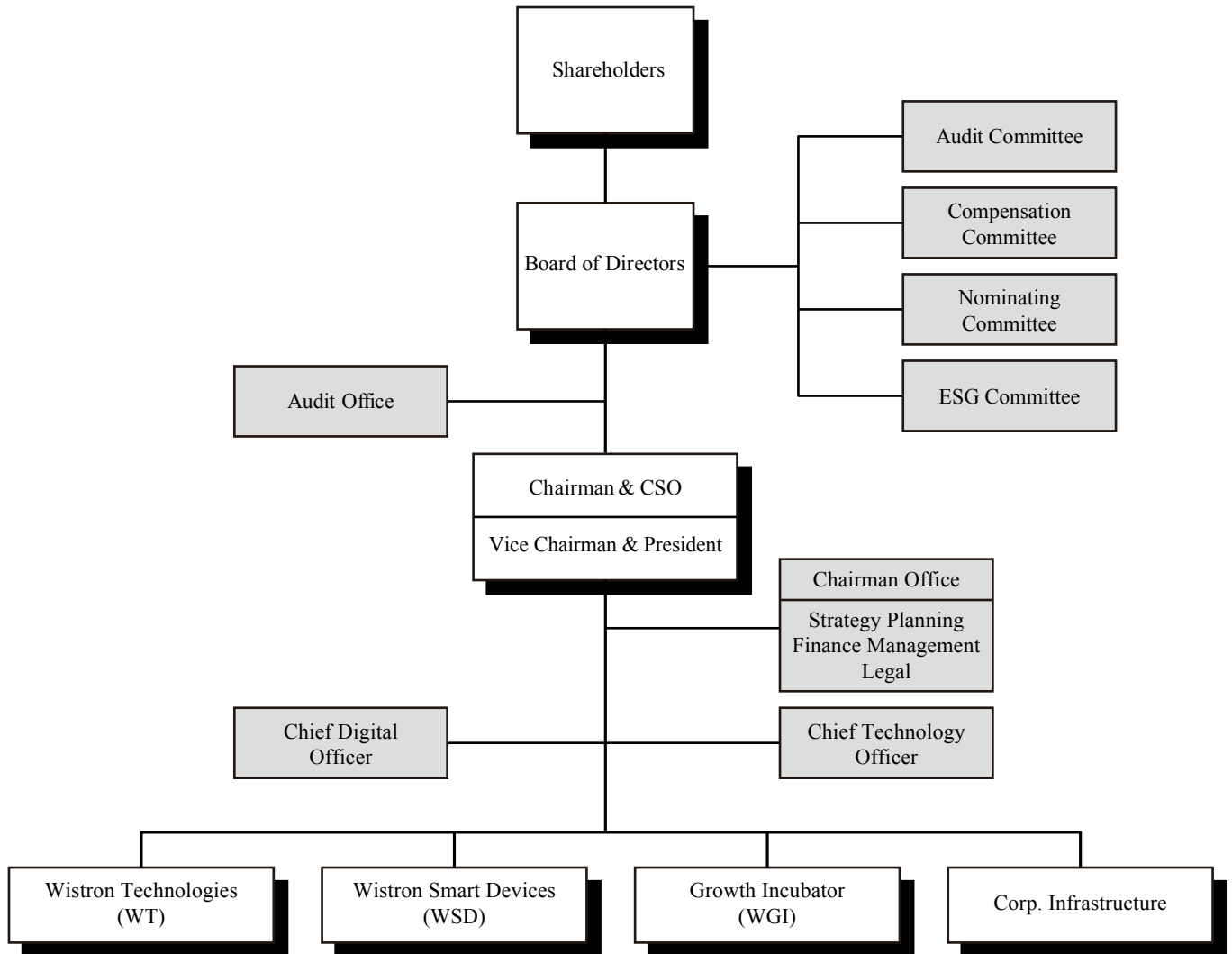
Wistron was listed as a Fortune Global 500 company in 2011, 2012, 2018, and 2019. In 2018, Wistron was recognized as one of The 100 Global Technology Leaders by Thomson Reuters. Since 2009, Forbes Magazine has included Wistron among Global 2000 for 11 consecutive years (2009-2019). Forbes Magazine also ranked Wistron in Forbes Asia FAB 50 for Asia's best publicly listed companies during 2007, 2008, and 2009.

Wistron values corporate sustainability and social responsibility gravely. Since 2017, Wistron has been rated AA by MSCI ESG for sustainable practices in terms of environmental, social, and governance factors in the sector of technology hardware, storage and peripherals industry. In addition, The Commonwealth Magazine presented Wistron the "Excellence in Corporate Social Responsibility" awards for 10 consecutive years from 2010 to 2019. In 2019, Wistron received Bronze Award of Taiwan Corporate Sustainability Report.

3. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Department functions

Department	Main responsibilities
Audit office	<ol style="list-style-type: none"> 1. Assist management to ensure the internal audit system is effectively designed and well implemented to improve the operation and to enhance the value of the organization. 2. Assist managers to evaluate and improve the procedure of risk management, internal control, and corporate governance through systematic and effective procedures to achieve organization's goals. 3. Assist the Audit Committee to supervise the implementation of internal control system and corporate governance.
Chairman Office	Assist the Chairman & CSO to evaluate and analyze external investments and business performance for the Company and its subsidiaries to achieve corporate goals.
Strategy Planning	Be responsible for the company's overall strategic planning, structuring, promotion, long-term development etc.
Finance Management	<ol style="list-style-type: none"> 1. Coordinate the company's fund collection and payment, financing scheduling and currency hedging to support operational needs. 2. Responsible for operations of fund management. 3. Coordinate and establish the financial operation system of our group. 4. Financial control, accounting service, tax service, and providing reports to profit units.
Legal	<ol style="list-style-type: none"> 1. Be responsible for drafting and reviewing contracts, and providing legal advisory services for provision of related business. 2. Manage the patent right, copyright, trademark, technology licensing and other intellectual property related business of our company.
Chief Technology Officer	Be responsible for the construction and management of the company's R&D team, resources and the environment, and enhancement of research efficiency and competitiveness.
Chief Digital Officer	Integrate digital technology and develop the strategy of digital transformation to accelerate the company's digital innovation.

Department	Main responsibilities
Wistron Technologies (WT)	<ol style="list-style-type: none"> 1. Be responsible for R&D, design and production of personal computer, industrial PC, display products, automobile electronics, servers, storage and communication products. 2. Provide back-end technical consulting services, special after-sales service solutions to customer, and also responsible for improving customer satisfaction. 3. Product manufacturing management, plant resource planning / capacity allocation, process capability analysis and manufacturing efficiency improvement. 4. Material procurement, inventory, supplier resources and tooling management at each plant. 5. Be responsible for quality assurance and improvement, also establishment and maintenance of quality management systems and certification of products. 6. Plan digital strategy of the institution and promote digital transformation of the core business. 7. Strategic planning of finance, human resources, etc.
Wistron Smart Devices (WSD)	<ol style="list-style-type: none"> 1. Be responsible for the research and development, product management, manufacturing and marketing of IoT, mobile products, smart accessory products and optical component products. 2. Product manufacturing management, plant resource planning / capacity allocation, process capability analysis and manufacturing efficiency improvement. 3. Material procurement, inventory and supplier resources management at each plant. 4. Plan digital strategy of the institution and promote digital transformation of the core business. 5. Strategic planning of finance, human resources, etc.
Growth Incubator (WGI)	<ol style="list-style-type: none"> 1. Provide K-12 customers cloud learning platform and smart campus solution through digital technologies. 2. Provide enterprise cloud services and smart manufacturing services to customers. 3. Be responsible for design, development and production of professional medical equipment and smart medical solutions. 4. Be responsible for integration of technology and product development, provide a platform of prototype, production, and marketing services to startups customers.

Department	Main responsibilities
Corp. Infrastructure	<ol style="list-style-type: none"><li data-bbox="528 282 1437 360">1. Be responsible for integrated planning, development design and software technology of the product systematic application software.<li data-bbox="528 367 1437 445">2. Be responsible for strategy of information system, global framework development, design, and management.<li data-bbox="528 452 1437 530">3. Be responsible for human resources, employee communication, training, general affairs and other related matters in the company.

3.2. Directors, Supervisors and Management Team

3.2.1 Directors (April 20, 2020)

Title	Nationality or registered	Name	Gender	Date of Election	Term	Date First Elected	Shareholding when Elected		Current Shareholding	
							Shares	%	Shares	%
Chairman & CSO	Republic of China	Simon Lin	Male	06/14/2018	3	05/23/2001	41,210,239	1.50	43,599,252	1.53
Vice chairman & President	Republic of China	Robert Hwang	Male	06/14/2018	3	06/08/2006	7,632,802	0.28	10,217,628	0.36
Director	Republic of China	Wistron NeWeb Corp.	-	06/14/2018	3	06/14/2018	27,974,570	1.02	28,796,209	1.01
	Republic of China	Representative: Haydn Hsieh	Male	06/14/2018	3	06/09/2005	-	-	1,122,911	0.04

	Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor			Note
	Shares	%	Shares	%			Title	Name	Relationship	
	1,544	0	0	0	Bachelor Degree from National Chiao Tung University President of Acer Inc.	Chairman & CSO of Wistron Corp. Chairman of Wiwynn Corp. Director of Gamania Digital Entertainment Co., Ltd. Independent Director of Taiwan IC Packaging Corp. Independent Director of Elan Microelectronics Corp. Chairman of Wistron Digital Technology Holding Company	-	-	-	-
	179,005	0	0	0	Executive MBA Training Program at National Cheng-Chi University Bachelor Degree in Industrial Engineering from Ta-Tung Institute of Technology Vice President of Acer Inc.	Vice chairman & President of Wistron Corp. Chairman of WiEdu Corp. Chairman of Wistron Medical Tech Holding Company Chairman of Wistron Medical Technology Corporation Chairman of WiAdvance Technology Corporation Overseas companies current positions summary(Note)	-	-	-	-
	-	-	0	0	-	-	-	-	-	-
	13,271	0	0	0	Bachelor Degree in electrical engineering from Ta-Tung Institute of Technology Senior Vice President of Acer Inc.	Director of Wistron Corp. Chairman & CSO of Wistron NeWeb Corp. Director of aEnrich Technology Corp. Independent Director of Raydium Semi-conductor Corp. Director of Apacer Technology Inc. Director of WNC Holding Corporation Director of ANC Holding Corporation Director of NeWeb Holding Corporation Director of WNC GmbH Director of Webcom Communication (Kunshan) Corporation Director of WNC (kunshan) Corporation Director of Wistron NeWeb (Kunshan) Corporation Director of NeWeb Service(KunShan) Corporation Director of NeWeb Communication (Kunshan) Corporation	-	-	-	-

Title	Nationality or registered	Name	Gender	Date of Election	Term	Date First Elected	Shareholding when Elected		Current Shareholding	
							Shares	%	Shares	%
Director	Republic of China	Philip Peng	Male	06/14/2018	3	06/14/2018	90,221	0	92,870	0
Independent Director	Republic of China	Jack Chen	Male	06/14/2018	3	06/14/2018	0	0	0	0
Independent Director	Republic of China	S. J. Paul Chien	Male	06/14/2018	3	06/14/2018	0	0	0	0
Independent Director	Republic of China	C.H. Chen	Male	06/14/2018	3	06/14/2018	0	0	0	0
Independent Director	Republic of China	Christopher Chang	Male	06/14/2018	3	06/14/2018	0	0	0	0

	Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor			Note
	Shares	%	Shares	%			Title	Name	Relationship	
	0	0	200,000	0	Executive MBA Training Program at National Cheng-Chi University Senior Vice President of Acer Inc.	Director of Wistron Corp. Director of Wistron NeWeb Corp. Director of Wistron Information Technology & Services Corp. Director of Acer Inc. Director of AOPEN Inc. Independent Director of AU Optronics Corp. Independent Director of Apacer Technology Inc. Chairman of Smart Capital Corp. Director of iD SoftCapital	-	-	-	-
	0	0	0	0	Bachelor Degree in electrical engineering from National Taiwan University Chairman of Spirox Corp. Chairman of RDC Semiconductor Co., Ltd.	Independent Director of Wistron Corp. Chairman of Spirox Corp. Director of RDC Semiconductor Co., Ltd. Director of Taiwan Oasis Technology Co., Ltd. Director of Browave Corp.	-	-	-	-
	0	0	0	0	Master Degree in Chemical Engineering from Massachusetts Institute of Technology Chairman of Vanguard International Semiconductor Corp.	Independent Director of Wistron Corp. Chairman of FUCHU General Contractor Corp.	-	-	-	-
	0	0	0	0	Master Degree in Computer Science from National Chiao Tung University President of ASML Taiwan Vice President of Phillips Taiwan	Independent Director of Wistron Corp. Independent Director of ProLight Opto Technology Corp.	-	-	-	-
	0	0	0	0	Bachelor Degree in college of law from National Chengchi University Chairman of Continental Development Corp.	Independent Director of Wistron Corp. Director of Continental Holdings Corp. Chairman of Continental Development Corp. Chairman of CEC Commercial Development Corp. Director of Sanlien Educational Foundation	-	-	-	-

Title	Nationality or registered	Name	Gender	Date of Election	Term	Date First Elected	Shareholding when Elected		Current Shareholding	
							Shares	%	Shares	%
Independent Director	Republic of China	Sam Lee	Male	06/14/2018	3	06/14/2018	0	0	0	0

Note: Chairman of Win Smart Co., Ltd., Chairman of Wistron InfoComm (Philippines) Corp., Chairman of Weshtek Information Technology Services Co., Ltd., Shanghai, Chairman of Wistron Medical Tech (Chongqing) Co., Ltd., Chairman of WiEdu Hong Kong Limited, Chairman of Wistron InfoComm (Shanghai) Corp., Director of AII Holding Corp., Director of Anwith Servise Co., Ltd., Director of SMS Infocomm Chile Servicios Limitada, Director of WiEDU Holding Co., Ltd., Director of WiEdu Sdn. Bhd., Director of WiseCap (Hong Kong) Limited, Director of Wistron Europe Holding Cooperatie U.A, Director of WinDisplay Corp.

	Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor			Note
	Shares	%	Shares	%			Title	Name	Relationship	
	0	0	0	0	Master Degree in business administration from National Chengchi University Executive vice president of Yuanta Securities Co., Ltd. Managing Director of Citigroup Global Markets Securities	Independent Director of Wistron Corp. Director of Nien Made Enterprise Co., Ltd. Director of Ta Liang Technology Co., Ltd. Director of DFI Inc. Independent Director of Dafeng TV Ltd. Independent Director of Newmax Technology Co., Ltd. Director of Bafang Yunji International Co., Ltd. Chairman of MagiCapital (Taiwan) Ltd. Chairman of MagiCap Venture Capital Co., Ltd. Chairman of Sin Sih Investments Limited. Chairman of Sih Gao Investments Limited. Chairman of Deus Investments Limited Chairman of Belos Investments Limited	-	-	-	-

Major shareholders of the institutional shareholders

April 21, 2020

Name of Institutional Shareholders	Major Shareholders	%
Wistron NeWeb Corporation	Wistron Corporation	22.98
	Chang Gung Medical Foundation	3.00
	Cathay Life Insurance Co., Ltd.	2.73
	Taiwan Life Insurance Co., Ltd.	1.63
	Haydn Hsieh	1.53
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.37
	Norges Bank	1.35
	Labor Pension Fund (New Scheme)	1.33
	Value Partners High-Dividend Stocks Fund	1.26
	TransGlobe Life Insurance Inc.	1.11

Major shareholders of the Company's major institutional shareholders

April 20, 2020

Name of Institutional Shareholders	Major Shareholders	%
Wistron Corporation	Yuanta Taiwan Dividend Plus ETF	1.99
	Norges Bank	1.97
	Acer Incorporated	1.93
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.78
	Lin, Hsien-Ming	1.53
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1.45
	Management Board of Public Service Pension Fund	1.41
	Labor Pension Fund	1.34
	Dimensional Emerging Markets Value Fund	1.09
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Authority	1.03

March 31, 2020

Name of Institutional Shareholders	Major Shareholders	%
Chang Gung Medical Foundation	No any information (Note)	-

Note: As of the publication date of annual report, Chang Gung Medical Foundation didn't supply any information.

March 31, 2020

Name of Institutional Shareholders	Major Shareholders	%
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd.	100

March 31, 2020

Name of Institutional Shareholders	Major Shareholders	%
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd.	100

March 31, 2020

Name of Institutional Shareholders	Major Shareholders	%
TransGlobe Life Insurance Inc.	Chung Wei Yi Co., Ltd.	100

Professional qualifications and independence analysis of directors

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Simon Lin			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Robert Hwang			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wistron NeWeb Corp. Representative: Haydn Hsieh			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓		1
Philip Peng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Jack Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
S. J. Paul Chien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
C.H. Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Christopher Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Sam Lee			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

- Not an employee of the company or any of its affiliates.
- Not a director or supervisor of the company or any of its affiliates.
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
- Not a director, supervisor, or employee of the company which majority director seats or voting shares and those of any other company are controlled by the same person.
- Not a director (or governor), supervisor, or employee of the company or institution which the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses.
- Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
- Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- Not been a person of any conditions defined in Article 30 of the Company Law.
- Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

Diversity Status of the composition of Directors

Wistron has set the diversity policy of the board of directors in the Article 20 of “Corporate Governance Best Practice Principles”. Wistron has 9 directors, 5 of them are independent directors, the percentage of independent director is 56%, and all of the independent directors’ tenure is under three years. The percentage of the Company’s directors’ who are employee is 22%.

The current Board of Directors consist of members with professional experience in various fields, such as management administration, leadership, decision making and industrial knowledge. Mr. Philip Peng and Mr. Sam Lee have a professional background in accounting and financial analysis and Mr. Christopher Chang has legal background expertise and can give professional advice to the Company from different angles.

Wistron has achieve the management goals of independent directors exceeding one-half of the total director seats and the number of directors who concurrently serve as Company managers do not exceed one-third of the total director seats. We will committee to elect at least one female director before year 2025.

Name	Item	Gender	Operational judgment	Accounting and financial analysis	Management administration	
Simon Lin		Male	V		V	
Robert Hwang		Male	V		V	
Haydn Hsieh		Male	V		V	
Philip Peng		Male	V	V	V	
Jack Chen		Male	V		V	
S. J. Paul Chien		Male	V		V	
C.H. Chen		Male	V		V	
Christopher Chang		Male	V		V	
Sam Lee		Male	V	V	V	

	Crisis management	Industrial knowledge	International market perspective	Leadership	Decision making	Law
	V	V	V	V	V	
	V	V	V	V	V	
	V	V	V	V	V	
	V	V	V	V	V	
	V	V	V	V	V	
	V	V	V	V	V	
	V	V	V	V	V	
	V	V	V	V	V	V
	V	V	V	V	V	

3.2.2 Management Team (April 20, 2020)

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	
					Shares	%	Shares	%	Shares	%
Chairman & CSO	Republic of China	Simon Lin	Male	01/01/2002	43,599,252	1.53	1,544	0	0	0
Vice chairman & President	Republic of China	Robert Hwang	Male	01/01/2002	10,217,628	0.36	179,005	0	0	0
Chief of Staff	Republic of China	Frank F.C. Lin	Male	01/01/2002	4,049,569	0.14	8,199	0	0	0
Chief Technology Officer	Republic of China	Donald Hwang	Male	01/01/2002	2,678,561	0.09	0	0	0	0
Wistron Technologies CEO	Republic of China	Jeff Lin	Male	04/10/2015	1,021,481	0.04	0	0	0	0

	Education	Concurrent positions at other Companies	Spouses or Relative Within Two Degrees of Kinship Holding a Position as Manager			Note
			Title	Name	Relationship	
	Bachelor	Reference to the information of Board of Directors.	-	-	-	-
	Master	Reference to the information of Board of Directors.	-	-	-	-
	Bachelor	Director of Wistron NeWeb Corp. Director of Wistron ITS Corp. Director of Wiwynn Corporation Chairman of WiseCap Ltd. Chairman of WLB Ltd. Director of Wistron Medical Tech Holding Company Director of Wistron Medical Tech Corporation Director of Wistron Digital Technology Holding Company Director of Changing Information Technology Inc. Director of Maya International Co., Ltd. Director of Join-Link International Technology Co., Ltd. Director of Pell Bio-Med Technology Co., Ltd. Director of IP Fund Six Supervisor of aEnrich Technology Corp. Chairman of B Temia Asia Pte Ltd. Chairman of WiseCap (Hong Kong) Limited Director of Hartec Asia Pte. Ltd. Director of Hukui Biotechnology Corporation	-	-	-	-
	Master	Director of Wistron NeWeb Corp. Chairman of Abilliant Corporation Director of WiseCap Ltd. Director of WLB Ltd. Director of Wistron Medical Tech Holding Company Director of Wistron Medical Tech Corporation Director of Wistron Digital Technology Holding Company Director of Maya International Co., Ltd. Director of Free Bionics Taiwan Inc. Director of Apollo Medical Optics, Ltd. Director of AII Holding Corp. Director of Wistron Mobile Solutions Corp. Director of Tube Inc. Director of Free Bionics, Inc. Director of Apollo Medical Optics Inc. Director of B-TEMIA INC. Director of U.S. Bionics Inc. Director of Creator Technology B.V. Director of Hiroia Communications Pte. Ltd.	-	-	-	-
	Master	Director of Global Lighting Technologies Inc. Director of ARBOR Technology Corp. Chairman of ISL International Standards Laboratory Corp. Chairman of Anwith Technology Corp. Overseas companies current positions summary (Note 1)	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	
					Shares	%	Shares	%	Shares	%
Wistron Smart Devices CEO	Republic of China	David Shen	Male	06/08/2007	0	0	14,848	0	0	0
Chief Digital Officer	Republic of China	Kenny Wang	Male	06/08/2007	3,501,607	0.12	0	0	0	0
Chief Finance Officer	Republic of China	Stone Shih	Male	07/15/2003	2,931,489	0.10	2,649	0	0	0
Wistron Technologies President of Enterprise Business Group	Republic of China	William Lin	Male	04/10/2015	772,495	0.03	794	0	0	0
Technical Vice President	Republic of China	Kelvin Chang	Male	04/10/2015	2,828,851	0.10	63,613	0	0	0
Strategy Planning Vice President	Republic of China	KY Wang	Male	12/22/2017	30,000	0.00	0	0	0	0
Wistron Technologies President of Computing Products Business Group	Republic of China	Robert CL Lin	Male	12/21/2018	130,324	0.00	4,301	0	0	0
Wistron Smart Devices President of Component Business Group	Republic of China	Vincent Cho	Male	12/21/2018	335,215	0.01	1,209	0	0	0
Wistron Smart Devices Operations President	Republic of China	James Chou	Male	12/21/2018	862,337	0.03	0	0	0	0

	Education	Concurrent positions at other Companies	Spouses or Relative Within Two Degrees of Kinship Holding a Position as Manager			Note
			Title	Name	Relationship	
	Master	Chairman of WiBASE Industrial Solutions Inc. Director of WiAdvance Technology Corporation Director of WiEdu Corp. Overseas companies current positions summary (Note 2)	-	-	-	-
	Bachelor	None	-	-	-	-
	Master	Director of WLB Ltd. Director of WiseCap Ltd. Supervisor of Abilliant Corporation Supervisor of Free Bionics Taiwan Inc. Supervisor of WiEdu Corp. Supervisor of WiBASE Industrial Solutions Inc. Supervisor of Wistron Medical Tech Holding Company Supervisor of Wistron Digital Technology Holding Company Supervisor of Wistron Medical Technology Corporation Supervisor of WiAdvance Technology Corporation Overseas companies current positions summary (Note 3)	-	-	-	-
	Master	Chairman of Wistron Technology Service (America) Corporation Director of Anwith Service Co., Ltd. Director of SMS Infocomm Chile Servicios Limitada Director of Wistron InfoComm (Philippines) Corp.	-	-	-	-
	Master	None	-	-	-	-
	Doctorate	Director of MOBAGEL, INC.	-	-	-	-
	Master	Vice Chairman of Xtronics (Nanjing) Automotive Intelligent Technologies Co., Ltd. Director of Cowin Worldwide Corp. Director of Wistron Investment (Sichuan) Co., Ltd. Director of Wistron InfoComm (Zhongshan) Corp. Director of Wistron InfoComm (Chengdu) Co., Ltd. Director of Wistron InfoComm (Kunshan) Co., Ltd. Director of Wistron InfoComm (CHONGQING) Co., Ltd. Director of XTRONICS (Kunshan) Electronics Technology Co., Ltd.	-	-	-	-
	Master	Director of WinDisplay Corp. Director of Wistron InfoComm (Taizhou) Co., Ltd. Director of Wistron Optronics (Kunshan) Co., Ltd. Director of Wistron Advanced Materials (Kunshan) Co., Ltd.	-	-	-	-
	Bachelor	Director of Wistron InfoComm Technology Service (Kunshan) Corp. Director of Wistron Investment (Jiangsu) CO., Ltd. Director of Wistron InfoComm (Taizhou) Co., Ltd. Director of Wistron Optronics (Kunshan) Co., Ltd. Director of Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	
					Shares	%	Shares	%	Shares	%
Wistron Technologies Operations President	Republic of China	Jackie Lai	Male	03/05/2019	463	0	0	0	0	0
Wistron Technologies Vice President of Computing Products Business Group	Republic of China	Felix Lai	Male	12/21/2018	309,111	0.01	0	0	0	0
Wistron Technologies Vice President of Service Business Group	Republic of China	Peter Tung	Male	12/21/2018	861,986	0.03	0	0	0	0
General Auditor	Republic of China	M.Y. Lin (Note 4)	Male	01/01/2002	-	-	-	-	-	-

Note 1: Chairman of Anwith Corp., Chairman of Cowin Worldwide Corp., Chairman of Service Management Solutions Mexico S.A. de C.V., Chairman of SMS InfoComm Corp., Chairman of Wistron InfoComm Technology (America) Corp., Chairman of Wistron InfoComm Technology (Texas) Corp., Chairman of Wistron Mexico S.A. de C.V., Chairman of Wistron InfoComm Mexico S.A. de C.V., Chairman of SMS (Kunshan) Co., Ltd., Chairman of Wistron Investment (Sichuan) Co., Ltd., Chairman of Wistron InfoComm (Zhongshan) Corp., Chairman of Wistron InfoComm (Chengdu) Co., Ltd., Chairman of Wistron InfoComm (Kunshan) Co., Ltd., Chairman of Wistron InfoComm (CHONGQING) Co., Ltd., Chairman of SMS Infocomm Global Service (CQ), Chairman of Wistron Service (Kunshan) Corp., Director of Win Smart Co., Ltd., Director of Wistron Green Tech (Texas) Corp., Director of Wistron K.K., Director of WisVision Corp., Director of Wistron InfoComm (Vietnam) Co., Ltd., Director of Zhongshan Global Lighting Technology Limited Co., Director of Wistron Hong Kong Limited, Director of Wistron Hong Kong Holding Limited, Director of Wistron InfoComm Technology (Zhongshan) Co., Ltd., Director of XTRONICS (Kunshan) Electronics Technology Co., Ltd.

	Education	Concurrent positions at other Companies	Spouses or Relative Within Two Degrees of Kinship Holding a Position as Manager			Note
			Title	Name	Relationship	
	Master	Director of Cowin Worldwide Corp. Director of Wistron Mexico S.A. de C.V. Director of WisVision Corp. Director of Wistron Investment (Sichuan) Co., Ltd. Director of Wistron InfoComm (Zhongshan) Corp. Director of Wistron InfoComm (Chengdu) Co., Ltd. Director of Wistron InfoComm (Kunshan) Co., Ltd. Director of Wistron InfoComm (CHONGQING) Co., Ltd. Director of Wistron InfoComm Technology (Zhongshan) Co., Ltd.	-	-	-	-
	Master	None	-	-	-	-
	Master	Chairman of SMS Infocomm (Singapore) Pte. Ltd. Director of Anwith Corp. Director of Service Management Solutions Mexico S.A. de C.V. Director of SMS InfoComm (Malaysia) Sdn. Bhd. Director of SMS InfoComm Corp. Director of Wistron Green Tech (Texas) Corp. Director of Wistron InfoComm Manufacturing (India) Private Limited Director of Wistron K.K. Director of ICT Service Management Solutions (India) Private Limited Director of SMS (Kunshan) Co., Ltd. Director of Anwith Technology Corp. Director of SMS Infocomm Global Service (CQ) Director of Wistron Service (Kunshan) Corp.	-	-	-	-
	Doctorate	-	-	-	-	-

Note 2: Chairman of WisVision Corp., Chairman of Wistron InfoComm Technology Service (Kunshan) Corp., Chairman of Wistron Investment (Jiangsu) CO., Ltd. Chairman of Wistron InfoComm (Taizhou) Co., Ltd., Chairman of Wistron Optronics (Kunshan) Co., Ltd., Chairman of Wistron InfoComm Manufacturing (Kunshan) Co., Ltd., Chairman of Wistron Advanced Materials (Kunshan) Co., Ltd., Chairman of Wistron InfoComm Technology (Zhongshan) Co., Ltd., Director of Wistron Optronics (Shanghai) Co., Ltd., Director of Formosa Prosonic Industries Berhad, Director of Heracles Enterprises Limited, Director of Smartply, Inc, Director of WiEdu Sales and Marketing Sdn. Bhd., Director of Win Smart CO., LTD., Director of Wistron Advanced Materials (Hong Kong) Limited, Director of Wistron AiEDGE Corp., Director of Wistron InfoComm Manufacturing (India) Private Limited, Director of Wistron Technology (Malaysia) Sdn. Bhd.

Note 3: Director of AII Holding Corp., Director of Lilee Systems, Ltd., Director of WiEdu Sales and Marketing Sdn. Bhd., Director of WiseCap (Hong Kong) Limited, Director of Wistron InfoComm Technology (America) Corp., Director of Wistron InfoComm Technology (Texas) Corp., Director of Wistron LLC, Director of KunShan ChangNun Precision Die Casting Co., Ltd., Director of Wistron Investment (Jiangsu) CO., Ltd., Supervisor of Weshtek Information Technology Services Co., Ltd., Shanghai, Supervisor of WIS Precision (Taizhou) Co., Ltd., Supervisor of Wistron InfoComm (Shanghai) Corp.

Note 4: Retirement on July 1, 2019.

3.3 Compensation of Directors, Supervisors, President and Vice Presidents

3.3.1 Compensation of Directors (December 31, 2019)

Title	Name	Compensation							
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)	
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Chairman & CSO	Simon Lin								
Vice chairman & President	Robert Hwang	0	0	0	0	63,973	63,973	280	340
Director	Wistron NeWeb Corp. Representative: Haydn Hsieh								
Director	Philip Peng								
Independent Director	Jack Chen								
Independent Director	S. J. Paul Chien								
Independent Director	C.H. Chen	0	0	0	0	12,900	12,900	330	330
Independent Director	Christopher Chang								
Independent Director	Sam Lee								

- Please describe the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: According to the Company's "Articles of Incorporation" and "Director and Functional Committees Compensation and Payment Principles", except basic funds, the independent directors' compensation will be added according to the positions held by them in the functional committees, regardless of profit or loss.
- Except for the compensation listed in the above table, the compensation that directors received by offering services (such as serving as a consultant instead of an employee) for companies in the financial statements is: None

Unit: NT\$ thousands

Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Relevant Compensation Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent Company
		Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
						Cash	Stock	Cash	Stock			
0.94	0.95	39,594	39,594	5,656	5,656	72,000	0	72,000	0	2.67	2.67	20,070
0.19	0.19	0	0	0	0	0	0	0	0	0.19	0.19	0

A. Directors' compensation brackets table

Ranges of compensation paid to the Company's directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements H	The Company	Parent company and all invested companies I
Under NT\$1,000,000				
NT\$1,000,000 ~ NT\$2,000,000				
NT\$2,000,000 ~ NT\$3,500,000	5, Note 1	5, Note 1	5, Note 1	5, Note 1
NT\$3,500,000 ~ NT\$5,000,000				
NT\$5,000,000 ~ NT\$10,000,000				
NT\$10,000,000 ~ NT\$15,000,000	3, Note 2	3, Note 2	2, Note 4	1, Note 6
NT\$15,000,000 ~ NT\$30,000,000	1, Note 3	1, Note 3		
NT\$30,000,000 ~ NT\$50,000,000				1, Note 7
NT\$50,000,000 ~ NT\$100,000,000			2, Note 5	2, Note 5
Over NT\$100,000,000				
Total	9	9	9	9

Note 1: Jack Chen, S. J. Paul Chien, C.H. Chen, Christopher Chang, Sam Lee

Note 2: Robert Hwang, Wistron NeWeb Corp. Representative: Haydn Hsieh, Philip Peng

Note 3: Simon Lin

Note 4: Wistron NeWeb Corp. Representative: Haydn Hsieh, Philip Peng

Note 5: Simon Lin, Robert Hwang

Note 6: Philip Peng

Note 7: Wistron NeWeb Corp. Representative: Haydn Hsieh

3.3.2 Compensation of Supervisors : Not applicable**A. Supervisors ' compensation brackets table : Not applicable**

3.3.3 Remuneration of the President and Vice Presidents(December 31, 2019)

Title	Name	Salary(A)		Severance Pay and Penions(B)	
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Chairman & CSO	Simon Lin	46,899	46,899	24,760	24,760
Vice Chairman & President	Robert Hwang				
Chief of Staff	Frank F.C. Lin				
Chief Technology Officer	Donald Hwang				
Wistron Technologies CEO	Jeff Lin				
Wistron Smart Devices CEO	David Shen				
Chief Digital Officer	Kenny Wang				
Chief Finance Officer	Stone Shih				
Wistron Technologies President of Enterprise Business Group	William Lin				
Technical Vice President	Kelvin Chang				
Strategy Planning Vice President	KY Wang				
Wistron Technologies President of Computing Products Business Group (Note 1)	Robert CL Lin				
Wistron Smart Devices President of Component Business Group (Note 1)	Vincent Cho				
Wistron Smart Devices Operations President.(Note 1)	James Chou				
Wistron Technologies Operations President(Note 1)	Jackie Lai				
General Auditor (Note 2)	M.Y. Lin				

Note1: Appointed on March 5, 2019.

Note2: Retirement on July 1, 2019.

Unit: NT\$ thousands

Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company other than the Company's Subsidiary or from Parent Company
The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
		Cash	Stock	Cash	Stock			
77,636	77,686	140,752	0	140,752	0	4.26	4.27	214

A. The President and Vice Presidents remuneration brackets table

Range of Compensation	Names of President and Vice Presidents	
	The Company	All companies included in the financial statements
Under NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999	1, Note 1	1, Note 1
NT\$3,500,000 ~ NT\$4,999,999	1, Note 2	1, Note 2
NT\$5,000,000 ~ NT\$9,999,999	5, Note 3	5, Note 3
NT\$10,000,000 ~ NT\$14,999,999	4, Note 4	4, Note 4
NT\$15,000,000 ~ NT\$29,999,999	2, Note 5	2, Note 5
NT\$30,000,000 ~ NT\$49,999,999	1, Note 6	1, Note 6
NT\$50,000,000 ~ NT\$99,999,999	2, Note 7	2, Note 7
Over NT\$100,000,000		
Total	16	16

Note 1: KY Wang

Note 2: M.Y. Lin

Note 3: Kelvin Chang, William Lin, Jackie Lai, James Chou, Vincent Cho

Note 4: Donald Hwang, Kenny Wang, Stone Shih, Robert CL Lin

Note 5: Frank F.C. Lin, David Shen

Note 6: Jeff Lin

Note 7: Simon Lin, Robert Hwang

B. Names of managers entitled to employee Compensation (December 31, 2019)

Unit: NT\$ thousands

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	Chairman & CSO	Simon Lin	0	143,730	143,730	2.11
	Vice Chairman & President	Robert Hwang				
	Chief of Staff	Frank F.C. Lin				
	Chief Technology Officer	Donald Hwang				
	Wistron Technologies CEO	Jeff Lin				
	Wistron Smart Devices CEO	David Shen				
	Chief Digital Officer	Kenny Wang				
	Chief Finance Officer	Stone Shih				
	Wistron Technologies President of Enterprise Business Group	William Lin				
	Technical Vice President	Kelvin Chang				
	Strategy Planning Vice President	KY Wang				
	Wistron Technologies President of Computing Products Business Group	Robert CL Lin				
	Wistron Smart Devices President of Component Business Group	Vincent Cho				
	Wistron Smart Devices Operations President	James Chou				
	Wistron Technologies Operations President	Jackie Lai (Note 1)				
	Wistron Technologies Vice President of Computing Products Business Group	Felix Lai				
	Wistron Technologies Vice President of Service Business Group	Peter Tung				
General Auditor	M.Y. Lin (Note 2)					

Note1: Appointed on March 5, 2019.

Note2: Retirement on July 1, 2019.

3.3.4 Comparison of Compensation for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Compensation Policy for Directors, Supervisors, President and Vice Presidents

A. Directors', President's and Vice Presidents' compensation paid in the last two years as a percentage to net income

Item	Ratio of total compensation paid to directors, supervisors, president and vice presidents to net income (%)			
	2019		2018	
	The Company	Consolidated	The Company	Consolidated
Compensation to Directors	1.13	1.14	0.96	0.96
Compensation to the President and Vice Presidents	4.26	4.27	3.46	3.46

B. The determination of compensation for directors, presidents and vice presidents

- a. Compensation for Wistron's directors is governed by Article 11 and Article 16 of the Articles of Incorporation and shall not exceed 1% of the current year profit (profit means the profit before tax, excluding the amounts of employees' and directors' compensation). A reasonable amount based on the company's business performance and the contribution of individual directors to the business results should be made the current year compensation for directors.
- b. The remuneration of the company's presidents and vice presidents consist of fixed items such as fixed salary, annual bonus and company benefits, as well as variable items including bonus, allowance (cash/stock) and stock warrants, and the majority of the remuneration shall be paid in variable items. The fixed items are in principle determined to maintain the company's competitiveness within the industry; the variable items consider both company's performance and individual's appraisal – the better the performance, the higher the proportion of variable items to fixed items. The performance evaluation will be comprehensively determined by below metrics:
 1. Financial metrics: revenue, profit and growth rate, etc.
 2. Non-financial metrics: indicators of market/customer, internal business process (ex. quality management) and learning and growth (ex. retention and talent development).

The targets and weightage of these performance metrics are stipulated with reference to the internal and external operating environment and future risk exposures at the beginning of the year. The performance is reviewed and evaluated at the middle and end of year, the evaluation result is used as the basis to determine the remuneration which is finally approved by Compensation Committee and Board of Directors. When the operational performance is better, the ratio of the variable terms to the fixed terms will also be higher.

3.4 Status of Corporate Governance

3.4.1 Board meeting attendance

The Board meetings held 7 times in 2019.

Title	Name	Attendance in Person	Attendance by proxy	Rate of attendance in person (%)	Note
Chairman	Simon Lin	7	0	100	
Vice Chairman	Robert Hwang	7	0	100	
Director	Wistron NeWeb Corp. Representative: Haydn Hsieh	7	0	100	
Director	Philip Peng	7	0	100	
Independent Director	Jack Chen	6	1	86	
Independent Director	S. J. Paul Chien	7	0	100	
Independent Director	C.H. Chen	7	0	100	
Independent Director	Christopher Chang	7	0	100	
Independent Director	Sam Lee	5	2	71	

Other noteworthy items:

Independent directors' attendance in 2019 board meetings

●: Attendance in person ; ○: Attendance by proxy

	1st	2nd	3rd	4th	5th	6th	7th
Jack Chen	●	●	●	●	●	○	●
S. J. Paul Chien	●	●	●	●	●	●	●
C.H. Chen	●	●	●	●	●	●	●
Christopher Chang	●	●	●	●	●	●	●
Sam Lee	●	●	○	●	●	●	○

1. If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: Not applicable as the Company has already established an Audit Committee.

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors : None

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	Meeting	Interested Directors	Subject Matter	Participation in Deliberation
2019.03.25	2nd Board Meeting of 2019	Robert Hwang	1. Approval of the salary adjustment to the managers (excluding CSO) in 2019. 2. Approval of the performance bonus budget to the managers (excluding CSO) in 2019. 3. Approval of the compensation for employees and directors of 2018. 4. Approval of the proposal of 2018 employees' compensation payout ratio and amount to the managers (excluding CSO).	The interested director left the room during discussion and voting.
		Simon Lin and Robert Hwang	1. Approval of the proposal of 2018 employees' compensation payout ratio and amount to CSO. 2. Approval of the salary adjustment to CSO in 2019. 3. Approval of the performance bonus budget to CSO in 2019.	The interested director left the room during discussion and voting.

Date	Meeting	Interested Directors	Subject Matter	Participation in Deliberation
2019.05.10	3rd Board Meeting of 2019	Robert Hwang	Approval of re-review the proposal for transferring treasury stocks to the managers (excluding CSO) which has resolved in 2nd Board Meeting of 2018.	The interested director left the room during discussion and voting.
		Simon Lin and Robert Hwang	Approval of the adjustment of proposal for transferring treasury stocks to CSO which has resolved in 2nd Board Meeting of 2018.	The interested director left the room during discussion and voting.
2019.08.12	5th Board Meeting of 2019	Robert Hwang	Approval of the performance bonus to managers (excluding CSO) in 2019 first half of the year.	The interested director left the room during discussion and voting.
		Simon Lin and Robert Hwang	Approval of the performance bonus to CSO in 2019 first half of the year.	The interested director left the room during discussion and voting.
2019.12.19	7th Board Meeting of 2018	Robert Hwang	Approval of the performance bonus to managers (excluding CSO) in 2019 second half of the year.	The interested director left the room during discussion and voting.
		Simon Lin and Robert Hwang	Approval of the performance bonus to CSO in 2019 second half of the year.	The interested director left the room during discussion and voting.
2020.03.24	1st Board Meeting of 2020	Robert Hwang	1. Approval of the salary adjustment to the managers (excluding CSO) in 2020. 2. Approval of the performance bonus budget to the managers (excluding CSO) in 2020. 3. Approval of the proposal of 2019 employees' compensation payout ratio and amount to the managers (excluding CSO).	The interested director left the room during discussion and voting.
		Simon Lin and Robert Hwang	1. Approval of the proposal of 2019 employees' compensation payout ratio and amount to CSO. 2. Approval of the salary adjustment to CSO in 2020. 3. Approval of the performance bonus budget to CSO in 2020.	The interested director left the room during discussion and voting.

3. A TWSE/TPEX listed company should disclose information such as the evaluation cycle and period, evaluation scope, methodology, and content of the board's self (or peer) evaluation, and complete schedule (2) for the implementation of the board's evaluation.

	Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methodology	Evaluation Content
Board of Directors	Once a year	2019.01.01-2019.12.31	Cover the evaluation of the board as a whole and individual directors	Include self-evaluation by individual board members and the internal evaluation of the board	<p>The performance of the board of directors covered the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control. <p>The criteria for evaluating the performance of the board members on themselves covered the following six aspects:</p> <ol style="list-style-type: none"> 1. Familiarity with the goals and missions of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control.

	Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methodology	Evaluation Content
Audit Committee	Once a year	2019.01.01-2019.12.31	Cover the evaluation of the Audit Committee as a whole and individual members	Include self-evaluation by individual committee members and the internal evaluation of the Audit Committee	The criteria for evaluating the performance of Audit Committee covered the following five aspects: 1. Participation in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the functional committee; 4. Makeup of the functional committee and election of its members and 5. Internal control.
Compensation Committee	Once a year	2019.01.01-2019.12.31	Cover the evaluation of the Compensation Committee as a whole and individual members	Include self-evaluation by individual committee members and the internal evaluation of the Compensation Committee	The criteria for evaluating the performance of Compensation Committee covered the following four aspects: 1. Participation in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the functional committee; 4. Makeup of the functional committee and election of its members.

4. The objectives of strengthening the functionality of the Board of Directors for the present year and the most recent year and assessment on the implementation:

Wistron had completed the performance evaluation of Board of Directors and functional committees in 2019, and reported the results of the performance evaluation to the Audit Committee, Compensation Committee and the Board of Directors. On March 24, 2020, the Company's Board of Directors incorporated the external performance evaluation of the board of directors every three years into the "Rules for Board of Directors and Function Committee Performance Assessments" to implement corporate governance and strengthen the board's operational effectiveness.

3.4.2 Audit Committee

The Audit Committee is composed of all of the five Independent Directors, with one financial expert. The Audit Committee holds meetings before the board meetings regularly at least once each quarter to examine the Company's internal control systems, internal audit executions, as well as material financial activities; also to communicate with CPAs for an effective supervision on the company's operations and risk controls.

The Audit Committee is responsible to review the following major matters:

- Financial reports.
- Internal control systems including related policies and procedures.
- Assessment of the effectiveness of the internal control system.
- Asset transactions or derivatives trading of a material nature.
- Loans of funds, endorsements, or provision of guarantees of a material nature.
- The offering, issuance, or private placement of equity-type securities.
- The hiring or dismissal of a certified public accountant, or their compensation.
- Matters in which a director is an interested party.
- The appointment or discharge of a financial, accounting, or internal audit officer.
- Corporate risk management
- IT security

The Audit Committee held 6 meetings in 2019 with the attendance of the independence directors specified below:

Title	Name	Attendance in Person	By Proxy	Attendance rate in Person (%)	Note
Convener	Jack Chen	6	0	100	
Member	S. J. Paul Chien	6	0	100	
Member	C.H. Chen	6	0	100	
Member	Christopher Chang	6	0	100	
Member	Sam Lee	4	2	67	

Other noteworthy items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
 - (1) Matters referred to in Article 14-5 of the Securities and Exchange Act :Please refer to the Major Resolutions of Board Meetings (p.83-89)
 - (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)
 - (1) The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. The communication channel between the Audit Committee and the internal auditor has been functioning well.
 - (2) The Company's CPAs have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered. The communication channel between the Audit Committee and the CPAs has been functioning well.

3.4.3 Corporate Governance Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Items of Evaluation		
	Yes	No
1. Does Company follow “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	✓	
2. Shareholding Structure & Shareholders’ Rights		
(1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓	
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓	
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	✓	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓	
3. Composition and Responsibilities of the Board of Directors		
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓	
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓	

Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Summaries	
	Wistron has set up “Corporate Governance Best Practice Principles” by Board of Director and made amendment on March 24, 2020, and there is no discrepancy between corporate governance principles.	No discrepancy
	<p>(1) Wistron has designated the Shareholder Service Office to handle the shareholders’ feedbacks, questions and disputes.</p> <p>(2) Wistron holds information on the identities of major shareholders and their ultimate controlling persons.</p> <p>(3) Wistron has established the appropriate risk control mechanisms and firewalls according to internal rules, such as rules of supervision over subsidiaries, rules governing endorsement and guarantee, loaning of funds and the rules governing acquisitions and disposal of assets etc.</p> <p>(4) Wistron enacted “Regulations on Insider Trading” to prevent any illegal activities in terms of insider trading. When the new directors or managers assume office, the company will provide relevant standardized information for education and promotion of the policy; and after each notice of board meeting is sent, or if the company is raising funds or repurchasing treasury stock, the company will remind the insiders to avoid buying or selling company stock in order to comply with the insider trading prevention policy.</p>	No discrepancy
	<p>(1) Wistron has set the diversity policy of the board of directors in the Article 20 of “Corporate Governance Best Practice Principles”. The composition of the board of directors shall be determined by taking diversity into consideration.</p> <p>(2) In addition to establishing the Compensation Committee and the Audit Committee as required by law, Wistron has created the Nominating Committee and the ESG committee.</p> <p>A. The Nominating Committee is authorized to construct and to review the candidates of the directors, executives and the members of committees under the board of directors, and to construct and to review the setup and operation of committees.</p> <p>B. ESG Committee is responsible for formulating the direction and goals of corporate social responsibility, and sustainable development. And and track the implementation status and effectiveness of corporate sustainable development.</p>	No discrepancy

Items of Evaluation		
	Yes	No
(3) Has the Company established a methodology for evaluating the performance of its Board of Directors, performed evaluations on an annual basis, submitted the results of the performance evaluation to the board, and use it as a reference for individual directors' remuneration and renomination?	✓	
(4) Does the Company regularly evaluate its external auditors' independence?	✓	

	Implementation Status	Deviations from“ the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”and Reasons																										
	Summaries																											
	<p>(3) Wistron established “Rules for Board of Directors Performance Assessments” on November 11, 2016, and the board of directors amended and incorporated the performance evaluation of the functional committee on December 19, 2019, and change name to “Rules for Board of Directors and Function Committee Performance Assessments”. According to the assessments, the evaluation period shall be from January 1 to December 31 of the current year, and for the current year shall be reported to the board of directors and functional committees at the end of first quarter of the following year.</p> <p>Wistron had completed the performance evaluation of Board of Directors, Audit Committee and Compensation Committee for the period from January 1, 2019 to December 31, 2019. If the rate is over 90% (inclusive), it shall be “exceed the standard”. If the rate is over 80% (inclusive) or less than 90%, it shall be “compliant with the standard”. When the rate is less than 80%, it is “needs improvement”. Upon completion of the above procedures, the rate of evaluation of Board of Directors, Audit Committee and Compensation Committee were 96.78%, 95.00% and 95.33%. the evaluation results were “exceed the standard”.</p> <p>(4) The evaluation of CPA is one of the main duties of the Audit Committee each year. Wistron evaluates the independence of CPA based on KPMG’s Statement of Independence and items stated in Certified Public Accountant Act and ”Integrity, Objectivity and Independence.”, No.10 of “The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China”.</p>	No discrepancy																										
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Items of Evaluation		
	Yes	No
4. Has a TWSE/TPEX listed company appointed an appropriate number of suitable corporate governance personnel, and designated a corporate governance officer to be in charge of corporate governance affairs (including, but not limited to, providing directors and supervisors with the information necessary to execute business, assisting directors and supervisors in complying with laws, handling matters related to board meetings and shareholders meetings in accordance with the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings)?	✓	

Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Summaries	
	<p>The Chief of Staff Office of the Company is the unit to be in charge of corporate governance affairs. The board of directors appointed Mr. Frank F.C. Lin as the Corporate Governance Officer of Wistron on March 25, 2019.</p> <p>It is advisable that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <p>A. Handling matters relating to board meetings and shareholders meetings according to laws.</p> <p>B. Producing minutes of board meetings and shareholders meetings.</p> <p>C. Assisting in onboarding and continuous education of directors.</p> <p>D. Furnishing information required for business execution by directors.</p> <p>E. Assisting directors and supervisors with legal compliance.</p> <p>F. Other matters set out in the articles or corporation or contracts.</p> <p>The 2019 implement of corporate governance affairs were as bellows:</p> <p>A. Developed annual work plan and meeting agendas and prepared meeting information for meetings of the Board of Directors, Audit Committee, and Compensation Committee. If issues are relevant to stakeholders, related stakeholders are reminded to recuse themselves before a meeting takes place. In 2019, the Company convened seven board meetings, six Audit Committee meetings, and five Compensation Committee meetings.</p> <p>B. Convened shareholders’ meetings on June 12, 2019 as required by law and assisted with the convening of shareholders’ meetings.</p> <p>C. Responsible for material announcements and matters related to the resolutions of board meetings and shareholders’ meetings and announced material information pursuant to law.</p> <p>D. On March 25, 2019, the Board of Directors appointed Frank F.C. Lin, Chief of Staff of Wistron, as the Corporate Governance Officer of Wistron.</p> <p>E. Arranged six hours of a continuing education course on “Corporate Risks and Sustainability Issues” for directors to teach them how to supervise the company to ensure proper corporate risk management and corporate social responsibilities and sustainable competitiveness.</p> <p>F. Arranged to have independent directors communicate to head of Audit Division and CPA at an Audit Committee meeting.</p>	No discrepancy

Items of Evaluation		
	Yes	No
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5. Whether the company has established channels of communication with Stakeholders (including but not limited to shareholders, employees, customers and suppliers), and open the Stakeholders section on the company's website, and respond appropriately to Stakeholders' interests/ concerns regarding corporate social responsibility.	✓	
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?		✓
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓ ✓	

Implementation Status		Deviations from“ the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”and Reasons
	Summaries	
	<p>G. Arranged to have HR department to present to the Board of Directors on December 19, 2019 a report of the Company’s implementation status and plans for promoting operational integrity for the year to ensure the proper implementation of “Ethical Corporate Management Best Practice Principles”.</p> <p>H. Arranged to have the CSR Implementation Committee present to the Board of Directors on December 19, 2019 a report of the implementation outcomes of the Code of Practices for Corporate Social Responsibility for the year, status of communication with various stakeholders, and work plan for the next year to ensure the proper implementation of the Code of Practices for Corporate Social Responsibility.</p> <p>I. Organized the 2018 Board performance evaluation and presented evaluation results to the Board of Directors on March 25, 2019.</p>	No discrepancy
	<p>In order to communicate with different stakeholders effectively, we have initiated materiality analysis procedures every year since 2010. The material topic and its Boundary were included in Wistron Corporate Sustainability and Social Responsibility (CSR) Report by referring to GRI standards since 2017.</p> <p>We have also designated a stakeholder section on the corporate website to address our corporate sustainability and social responsibility activities and relevant issues.</p>	No discrepancy
	Wistron has designated the Shareholders Service Office to handle the shareholders’ proposal and disputes.	No discrepancy
	<p>(1) Wistron has set up a website containing the information regarding financials, business and corporate governance status.</p> <p>(2) Wistron has one chief spokesman and one acting spokesman and also designated a team to be responsible for gathering and disclosing the information. Wistron has formulated Regulations on Insider Trading to govern procedures to manage material information disclosure; such management procedure has been informed to all employees, management and directors.</p>	No discrepancy

Items of Evaluation		
	Yes	No
(3) Does the Company announce and report the annual financial report within two months of the fiscal year end, and announce and report the financial reports for the first, second and third quarter and each month's operating performance ahead of the required deadline?	✓	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓	

	Implementation Status	Deviations from“ the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”and Reasons
	Summaries	
	(3) Wistron has not announced and declared the annual financial report within two months after the end of the fiscal year, but the Company still announces and reports the quarterly financial reports and each month’s operating performance as early as possible within the prescribed time limit, and announces important financial figures and XBRL information on the day the board of directors approved the financial report, and announce the electronic book of financial report on the next business day.	No discrepancy
	<p>(1) Employee benefits and rights, Employee care: Wistron emphasizes on the importance of employee benefits and rights. We not only comply with related laws and regulations, but also publish all corporate governance related regulations and operating conditions on the company’s official website to ensure that employees are well informed. The company is committed to social responsibility to protect the rights and interests of its employees, and has joined the Responsible Business Alliance (RBA). As a member of the Alliance, Wistron strictly complies with the relevant norms, and integrates human rights concerns into the various aspects of its daily operations. Caring employees is included as the responsibility of Employer well.</p> <p>(2) Investor Relations: The major mission of the investor relations department is to update the latest business development and strategy thinking to global investors. Through such periodic communication, the company can enhance its public image and the transparency of financials and corporate governance.</p> <p>(3) Supplier relationship : In order to maintain long-term advantages of research and development in new technology, quality control, price competition, adequate supply, and to provide green products that are in line with energy conservation and environmental protection, Wistron on the basis of good faith to conduct supplier audit and management, so to confirm suppliers comply with various environmental protection treaties and social responsibilities, continue to provide products that meet the standards of Wistron, and with competitive advantages in price. Wistron will keep upholding the spirit of mutual trust and benefit to grow together with suppliers and create Win-win.</p>	No discrepancy

Items of Evaluation		
	Yes	No
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓	

Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																																													
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<p>(4) Stakeholders’ Rights: The company’s investor relations, public relations, shareholder services, and legal departments communicate with stakeholders for various situations and provide the related contact information on the company website.</p> <p>(5) Continuing education of Directors and Managers: A. Directors’ training records</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date for Attending Continuing Education</th> <th>Hosted By</th> <th>Course Title</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Chairman & CSO</td> <td rowspan="3">Simon Lin</td> <td>2019.04.17</td> <td>Securities and Futures Institute</td> <td>Legal responsibility of directors and supervisors of corporate mergers and acquisitions</td> <td>3.0</td> </tr> <tr> <td rowspan="2">2019.09.27</td> <td rowspan="2">Taiwan Corporate Governance Association</td> <td>Corporate social responsibility and sustainable competitiveness</td> <td>3.0</td> </tr> <tr> <td>How the directors and supervisors supervised the company to do the enterprise risk management</td> <td>3.0</td> </tr> <tr> <td rowspan="2">Vice Chairman & President</td> <td rowspan="2">Robert Hwang</td> <td rowspan="2">2019.09.27</td> <td rowspan="2">Taiwan Corporate Governance Association</td> <td>Corporate social responsibility and sustainable competitiveness</td> <td>3.0</td> </tr> <tr> <td>How the directors and supervisors supervised the company to do the enterprise risk management</td> <td>3.0</td> </tr> <tr> <td>Director</td> <td>Wistron NeWeb Corp. Representative: Haydn Hsieh</td> <td>2019.09.27</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate social responsibility and sustainable competitiveness</td> <td>3.0</td> </tr> <tr> <td rowspan="7">Director</td> <td rowspan="7">Philip Peng</td> <td>2019.03.12</td> <td>Taiwan Corporate Governance Association</td> <td>Global risk trends in 2019</td> <td>3.0</td> </tr> <tr> <td>2019.03.20</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Governance and Legal Compliance-Talking from Anti-Corruption and Economic Crime</td> <td>1.5</td> </tr> <tr> <td>2019.05.08</td> <td>Taiwan Corporate Governance Association</td> <td>Information Security Insurance and Corporate Governance</td> <td>3.0</td> </tr> <tr> <td>2019.08.07</td> <td>Taiwan Corporate Governance Association</td> <td>Recent Updates in Securities Regulatory Act and Tax Act</td> <td>1.5</td> </tr> <tr> <td rowspan="2">2019.09.27</td> <td rowspan="2">Taiwan Corporate Governance Association</td> <td>Corporate social responsibility and sustainable competitiveness</td> <td>3.0</td> </tr> <tr> <td>How the directors and supervisors supervised the company to do the enterprise risk management</td> <td>3.0</td> </tr> <tr> <td>2019.11.06</td> <td>Taiwan Corporate Governance Association</td> <td>Commercial Real Estate Status and Future Development</td> <td>1.5</td> </tr> </tbody> </table>		Title	Name	Date for Attending Continuing Education	Hosted By	Course Title	Hours	Chairman & CSO	Simon Lin	2019.04.17	Securities and Futures Institute	Legal responsibility of directors and supervisors of corporate mergers and acquisitions	3.0	2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0	How the directors and supervisors supervised the company to do the enterprise risk management	3.0	Vice Chairman & President	Robert Hwang	2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0	How the directors and supervisors supervised the company to do the enterprise risk management	3.0	Director	Wistron NeWeb Corp. Representative: Haydn Hsieh	2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0	Director	Philip Peng	2019.03.12	Taiwan Corporate Governance Association	Global risk trends in 2019	3.0	2019.03.20	Taiwan Corporate Governance Association	Corporate Governance and Legal Compliance-Talking from Anti-Corruption and Economic Crime	1.5	2019.05.08	Taiwan Corporate Governance Association	Information Security Insurance and Corporate Governance	3.0	2019.08.07	Taiwan Corporate Governance Association	Recent Updates in Securities Regulatory Act and Tax Act	1.5	2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0	How the directors and supervisors supervised the company to do the enterprise risk management	3.0	2019.11.06	Taiwan Corporate Governance Association	Commercial Real Estate Status and Future Development	1.5	No discrepancy	
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Items of Evaluation		
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Implementation Status						Deviations from“ the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”and Reasons	
Summaries							
Title	Name	Date for Attending Continuing Education	Hosted By	Course Title	Hours	No discrepancy	
Independent Director	Jack Chen	2019.05.02	Taiwan Corporate Governance Association	Case analysis of insider trading	3.0		
				The Reform and New Situation of the Company after the Amendment of the Company Law	3.0		
Independent Director	S. J. Paul Chien	2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0		
				How the directors and supervisors supervised the company to do the enterprise risk management	3.0		
Independent Director	C.H. Chen	2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0		
				How the directors and supervisors supervised the company to do the enterprise risk management	3.0		
Independent Director	Christopher Chang	2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0		
				How the directors and supervisors supervised the company to do the enterprise risk management	3.0		
Independent Director	Sam Lee	2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0		
				How the directors and supervisors supervised the company to do the enterprise risk management	3.0		
B. Managers’ training records							
Title	Name	Date for Attending Continuing Education	Hosted By	Course Title	Hours		
Chief of Staff	Frank F.C Lin	2019.05.07	Taiwan Stock Exchange Corporation and Over-the-Counter Trading Center	Corporate Governance and securities legislation	3.0		
		2019.08.07	Securities and Futures Institute	Conference of Equity Trading Regulation Compliance to Internal Personnel of the company	3.0		
		2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0		
				How the directors and supervisors supervised the company to do the enterprise risk management	3.0		
		2019.10.15	Securities and Futures Institute	Operational Practice of Compensation Committee and Growth Strategy Committee	3.0		

Items of Evaluation		
	Yes	No
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓	

Implementation Status						Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
Summaries							
Title	Name	Date for Attending Continuing Education	Hosted By	Course Title	Hours	No discrepancy	
Chief Technology Officer	Donald Hwang	2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0		
				How the directors and supervisors supervised the company to do the enterprise risk management	3.0		
Wistron Technologies CEO	Jeff Lin	2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0		
				How the directors and supervisors supervised the company to do the enterprise risk management	3.0		
Chief Finance Officer	Stone Shih	2019.04.25-2019.04.26	Accounting Research and Development Foundation	Continuing training of Accounting Officers of Issuers, Securities Firms, and Securities Exchanges.	12.0		
		2019.09.27	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness	3.0		
				How the directors and supervisors supervised the company to do the enterprise risk management	3.0		
<p>(6) The implementation of risk management policies and risk evaluation measures</p> <p>In order to meet the needs of relevant laws and actual operation, Wistron has established standard operating procedures (SOP) and formulated internal management system. In addition to organizing education and training to cultivate employees' concept ideas, Wistron has actively promoted and implemented various risk management norms to reduce financial and business risks. In addition, internal auditors regularly check the implementation of various risk management measures, improve the deficiencies, and cooperate with the strict requirements of the company to implement Six Sigma to truly measure and effectively monitor the operation of the risk management mechanism.</p> <p>(7) The implementation of customer relations policies</p> <p>Wistron always strictly abides by customer confidentiality. If there are competitors among customers, different teams will be set up to serve customers, or even different factories to produce and build firewalls. It is strictly forbidden to talk about customer confidentiality in public in order to achieve the goal of protecting customers.</p>							

Items of Evaluation		
	Yes	No
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓	
9. Succession plan of board members and management team	✓	

Implementation Status		Deviations from“ the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”and Reasons
	Summaries	
	<p>(8) Purchasing insurance for directors</p> <p>Wistron has purchased liability insurance for directors and managers, and had report the insured amount, coverage, premium rate, and other major contents of the liability insurance to Board of Directors on November 12, 2019.</p>	No discrepancy
	<p>The selection of directors of the Company adopts the candidate nomination system and is handled in accordance with the "The Election Regulations of Directors". The Company has also set a diversity policy for the composition of the board of directors in the "Corporate Governance Best Practice Principles", taking into account the diversity of professional knowledge, technology, experience and gender required by directors, and will refer to the recommendations of the Nominating Committee to propose director candidates The list of people and the appropriate arrangements for the composition of the board of directors and candidates for succession.</p> <p>Since 2010 Wistron has been implementing competency oriented talent strategy. We developed competency driven training roadmap to fulfill sustainable business operations. In additional, we focus on enhance the differentiated competitive advantage of talent development project to meet business needs.</p> <p>In Management Succession Plan, we implemented 360-degree competency assessment system to access talent competency gap, and outsource professional consulting firm to access talent’s personal attribute and leadership assessment center to evaluate talent strength and need to development area, this is to ensure a successful and effectively succession plan.</p> <p>In Management succession plan, all talents need complete competency driven training roadmap. To develop talent strength and weakness, there are different type of training program such as Group Development Plan (GDP), Individual Development Plan (IDP), Executive Coach Program for each different management levels.</p> <p>Above development plans are strictly tighten to annual project goal. During the program, despite internal regular communication and coaching. We hired external Executive Coach to deliver monthly one on one coach with talents, to absorb external management practical experience, develop management thinking. To the end of program, we re-access 360-degree competency assessment evaluation to track development benefits.</p>	No discrepancy

Items of Evaluation		
	Yes	No
9. Succession plan of board members and management team	✓	
<p>10. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the TWSE and provide priority measures and measures for those who have not yet improved.</p> <p>(1) Wistron's board of directors approved the amendment of "Rules for Board of Directors and Function Committee Performance Assessments" on March 24, 2020 to incorporate the external performance evaluation of the board of directors at least once every three years.</p> <p>(2) Wistron's board of directors approved the amendment of "Corporate Governance Best Practice Principles" on March 24, 2020 to incorporate the appointment, dismissal, evaluation and review, salary and compensation of internal auditors of the company shall be submitted by the chief auditor to the chairman for approval.</p>		

Implementation Status		Deviations from“ the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”and Reasons
	Summaries	
	Talent is company's primary asset, it is crucial to improve management succession plan of key positions. Therefore, we have solid talent development plan, and cross-functional development program to develop talents comprehensive management capabilities. Meanwhile, project assignments assigned, strategic reallocation, shadowing mechanisms and so on. Our vision is to activate talent pool, expand succession scheme, sustainable business philosophy and make the best effort of social responsibilities.	No discrepancy

3.4.4 Composition, Responsibilities and Operations of the Compensation Committee

A. The Composition

Title	Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Compensation Committee Member	Note	
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent director	S. J. Paul Chien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent director	Christopher Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent director	Sam Lee			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	

Note : “✓” is placed in the box below if the member met the following criteria at any time during active duty and two years prior to the date of appointment.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of 1 percent or more of the total number of issued shares of the company or ranking in the top 10 in shareholding.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the company, or that ranks in the top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
- (6) Not a director, supervisor, or employee of the company which majority director seats or voting shares and those of any other company are controlled by the same person.
- (7) Not a director (or governor), supervisor, or employee of the company or institution which the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses.
- (8) Not a director, supervisor, managerial officer, or shareholder holding 5 percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided that this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not have any of the circumstances set forth in Article 30 of the Company Act.

B. Responsibilities of the Compensation Committee

Pursuant to Article 6 of the Company's "Compensation Committee Charter" the Compensation Committee has the following responsibilities:

- (1) Design and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
- (2) Periodically evaluate and determine the remuneration of directors, supervisors, and managerial officers.

C. Attendance of Members at Compensation Committee Meetings

- (1) The Compensation Committee consists three members.
- (2) Tenure of the 4th Compensation Committee: July 9, 2018 to June 13, 2021. The committee convened 5 times in 2019.

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Convener	S. J. Paul Chien	5	0	100	
Member	Christopher Chang	5	0	100	
Member	Sam Lee	3	2	60	

1. If the board of directors declines to adopt or modifies a recommendation of the compensation committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the compensation committee's opinion (eg., the compensation passed by the Board of Directors exceeds the recommendation of the compensation committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the compensation committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

3.4.5 Social Responsibility Performance and Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Item			
	Yes	No	
1. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company’s operations and formulate relevant risk management policies or strategies in accordance with the materiality principle?	✓		
2. Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?	✓		

	<p style="text-align: center;">Enforcement</p> <p style="text-align: center;">Summary</p>	<p style="text-align: center;">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons</p>
	<p>In order to communicate with different stakeholders effectively, since 2010 we have initiated materiality analysis procedures. We conduct materiality questionnaire surveys with identified stakeholders. A total of 211 questionnaires were collected in 2019, which were used to understand the concerns of the above stakeholders toward ESG (Environment, Society, and Governance) issues. Regarding any concerns raised by stakeholders, questionnaire surveys were conducted among our committee members and internal participants to understand the impact on the company’s operations as determined by taking the economic, environmental, and social dimensions into consideration.</p> <p>In addition, in 2019, the Company has established an ESG (Environment, Society, and Governance) Committee, one of its responsibilities is risk management including regularly carries out overall proper prioritization of risk identification, analysis, and risk evaluation for potential economic, environmental, social, and technological threats based on the possible probability, and impact consequence, to set up our risk management strategies, and essential risk assessment in response to ensure relevant key risks are effectively controlled and appropriately responded to.</p> <p>Furthermore, risks classified as high or medium are listed as major ones; therefore, risk treatment (i.e., preventive measures and improvement plans) must be developed accordingly.</p>	<p style="text-align: center;">No discrepancy</p>
	<p>In order to deepen corporate sustainability, fulfill social responsibility initiatives, and to promote economic, environmental, and social advancement for purposes of sustainable development, in 2019, the Company has established an ESG (Environment, Society, and Governance) Committee which is directly responsible to the Board of Directors.</p>	<p style="text-align: center;">No discrepancy</p>

Item			
	Yes	No	
2. Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?	✓		
3. Environmental Issues			
(1) Has the Company set an Environmental management system designed to industry characteristics?	✓		
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		
(3) Does the Company assess the current and future potential risks and opportunities of climate change for the company, and take measures in reaction to climate-related issues?	✓		

	Enforcement	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Summary	
	<p>The ESG Committee is chaired by the Vice Chairman & President. The ESG Committee is composed of an independent director and senior executives. The committee is responsible for the overall planning of corporate social responsibility, sustainable development direction and goals, related management policies, and monitoring specific implementation plans. This committee submits reports to the Board of Directors on a periodic basis. Meanwhile, the “Corporate Social Responsibility Best Practice Principles” was revised to serve as the highest guiding principles for corporate social responsibility. Furthermore, the original Corporate Sustainability and Social Responsibility (CSR) Management System Implementation Committee and CSR Report Editorial Committee now report to the ESG Committee.</p>	No discrepancy
	<p>(1) Wistron’s offices and plants worldwide have introduced the ISO 14001 Environmental Management System to ensure that while pursuing both operational and operating performance, we can also strictly adhere to the spirit of environmental management and adopt a sustainable development attitude to reduce the environmental impact of business activities. For details please refer to 2019 CSR report page43~44.</p> <p>(2) To achieve the strategic goals of reducing resource wastage and designing environmentally friendly products Wistron products are designed and developed by considering waste reduction, using recycled materials and eco-friendly materials, and integrating easy-to-dismantle and recyclable designs. For details please refer to 2019 CSR report page48~51.</p> <p>(3) Every year the Wistron CSR Management System Implementation Committee conducts assessments for climate-related risks and opportunities. According to TCFD’s (Task Force on Climate-related Financial Disclosure) classification of climate risks and opportunities, we have listed the main transformation risks, physical risks, and potential opportunities For details please refer to 2019 CSR report page34~36.</p>	No discrepancy

Item		
	Yes	No
(4) Has the Company counted greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	✓	
4. Social Issues		
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓	
(2) Has the Company established and implemented a reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.) where operating performance or results are appropriately reflected in employee compensation?	✓	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓	

	Enforcement	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Summary	
	<p>(4) Wistron is committed to purchasing efficient energy equipment to increase our energy performance and actively conserve all types of energy sources. We abide by energy regulations that are associated with our activities, products, and services, as well as customer requirements, with the aim of meeting and surpassing the relevant standards. We also disclose GHG emission, water usage and total weight of waste in our CSR.</p> <p>For details please refer to 2019 CSR report page 57,58, 67 and 77.</p>	No discrepancy
	<p>(1) Wistron’s core value lies in being a people-centric organization that is committed to developing and maintaining a system promoting employee rights and benefits. Wistron ensures that all of its management systems are compliant with local labor laws; furthermore, a consistent set of standard human rights policy, including employee health, workplace safety, and other work-related rights and benefits, is globally implemented within the Wistron organization. We support and respect international labor rights regulations by following global, authoritative standards, such as: the UN Guiding Principles on Business and Human Rights (UNGPs), ILO Tripartite Declaration of Principles, ILO Declaration of Fundamental Principles and Rights at Work (ILO87 and ILO98), OECD Guidelines for Multinational Enterprises, the UN Universal Declaration of Human Rights, the UN Global Compact, and the Code of Conduct for Responsible Business Alliances.</p> <p>(2) A. The compensation and benefits of all Wistron offices and plants around the world comply with the requirements as well as laws and regulations of each country. In addition, Wistron provides extra leaves for employees to achieve work and life balance.</p> <p>B. Wistron has established and implemented reasonable compensation policies where company operating results, team and personal work performance are appropriately reflected in employees’ compensation.</p> <p>(3) Please refer to the “Employee Care” section-”Staff Health and Occupational Safety” on pages 89 to 99 of Wistron’s 2019 CSR report.</p>	No discrepancy

Item			
	Yes	No	
(4) Has the Company established effective career development training plans?	✓		
(5) Does the Company comply with relevant laws, regulations and international standards regarding customer health and safety, customer privacy, and marketing and labeling of products and services, and develop relevant consumer protection policies and complaint procedures?	✓		
(6) Has the Company formulated a supplier management policy that requires suppliers to follow relevant guidelines on issues such as environmental protection, occupational safety and health or labor rights, and their implementation?	✓		
5. Does the Company refer to internationally accepted reporting standards or guidelines for compiling reports on corporate non-financial information such as corporate social responsibility reports? Has the aforementioned report obtained an assurance opinion of a third-party verification organization?	✓		

	Enforcement	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Summary	
	<p>(4) Based on the different positions requirement Wistron has been established seven complete training systems also using three educational modes: “On-the-job training”, “Learning during training” and “Self learning”, to enhance the effectiveness training developments. In addition, in order to combine the employees career path we also collocation the rotation institution let employees flow into the organization and create a “living water” culture.</p> <p>(5) Wistron does follow the regulations and international standards in the marketing and labelling of its products and services to protect customer’s privacy, safety and health. Please refer to the “Sustainable Product Design and Development” and “Product quality and safety” sections of Wistron CSR Report. Wistron is an ODM (original design manufacturer) supplier and do not offer products/services to end user directly. For about the prot.</p> <p>(6) Wistron’s “Supplier Management Procedures” has formulated a code of conduct for the supply chain., which is based on the Code of Conduct of the Responsible Business Alliance, or (RBA Code of Conduct), and refers to international norms such as the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Basic Principles and Rights at Work and the Universal Declaration of Human Rights. As members of the Responsible Business Alliance (RBA), we support and encourage suppliers to follow and sign the code of conduct for the supply chain, in conjunction with “Supplier Enterprise Sustainability and Social Responsibility (CSR) Auditing Procedures”, to conduct on-site audits, and implement environmental protection, Occupational safety and health and labor rights.</p>	No discrepancy
	<p>Wistron’s CSR Report followed the Global Reporting Initiative (GRI). The contents of this report have been verified by an independent third party based on the AA1000 standards and comply with GRI standards core level requirements. Please refer to “Verification Statement” in our CSR Report.</p>	No discrepancy

Item		
	Yes	No
<p>6. If the Company has established its corporate social responsibility code of practice according to “Listed Companies Corporate Social Responsibility Code of Practice,” please describe the operational status and differences.</p> <p>In order to implement corporate social responsibility, Wistron’s Board of Directors established “Corporate Social Responsibility Best Practice Principles” which clearly defined four major principles. The four principles are: exercising corporate governance, fostering a sustainable environment, preserving public welfare, and enhancing the disclosure of corporate social responsibility information.</p> <p>Our daily operations follow the above principles and no discrepancy occurred.</p> <p>Furthermore, there are five corresponding management systems in response to quality, green products, environmental protection, occupational safety and health, and social responsibility while established global CSR policies and CSR management system.</p> <p>The company also evaluate the progress of its implementation of corporate social responsibility through the annual planning and promotion of the corporate sustainability and social responsibility management system and the annual publication of CSR Report to closely engage with stakeholders in response to increasing awareness on Environment, Society and Governance (ESG).</p>		
<p>7. Other important information to facilitate better understanding of the company’s implementation of corporate social responsibility:</p> <p>Wistron convenes a Corporate Sustainability and Social Responsibility (CSR) Management System kick-off meeting every year in January to announce the system’s directions and plans for that year. Based on the management system’s spirit of continuous improvement (plan, do, check, action), internal audits are planned and executed each year to verify that the management system is being implemented as needed; the results of which are reported to upper management. An annual CSR reporting kick-off meeting is organized in September. By planning and implementing the CSR management system and publishing CSR reports, Wistron examines overall performance in promoting CSR.</p> <p>Our CSR policy:</p> <p>Wistron is committed to establishing a corporate sustainability and social responsibility (CSR) management system that will exceed local regulatory and ethical standards. The development of high-quality green products and services will also be complemented by protection of the environment, employee health, safety and human rights in order to protect stakeholders’ interests. Wistron’s CSR management system covers five management systems including quality, green products, environmental protection, occupational safety and health, and social responsibilities. Each management system is established by adopting a corresponding international standard such as ISO9001, IECQ QC080000, ISO14001/14064-1/50001, OHSAS18001, SA8000/RBA.</p>		

	Enforcement	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Summary	

3.4.6 Ethics Management Performance and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Item			
	Yes	No	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Has the Company formulated a policy of ethical management approved by the board of directors, and clearly state, in the bylaw and external documents, the policies and practices of ethical management and the commitment of the board and senior management to actively implement the operating policy?</p> <p>(2) Has the Company established a mechanism for evaluating the risk of unethical behavior, regularly analyzed and evaluated business activities with a higher risk of unethical behavior in the business scope, and formulated a plan, which covers at least the precautionary measures in the second paragraph of Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, to prevent unethical behavior?</p> <p>(3) Has the Company clearly defined the operating procedures, behavior guidelines, punishment and appeal systems for violations in the unethical conduct prevention plan, and does it implement and regularly review and revise the aforementioned plan?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		

	<p style="text-align: center;">Implementation Status</p> <p style="text-align: center;">summary</p>	<p style="text-align: center;">Deviations from “the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons</p>
	<p>(1) To enhance corporate conduct and ethics policy, we established “Ethical Corporate Management Best Practice Principles”, “Code of Ethical Conduct” and “Corporate Governance Best Practice Principles” which are approved by the board of directors. These policies are disclosed publicly on our company website and Market Observation Post System. Integrity is not only the core value of our business but also a fundamental part of our daily operation, and this standard also applies to our board of directors (including independent board directors, the same as below) supervisors, employees or substantial controllers.</p> <p>(2) We analyze and assess on a regular basis on business activities which may be at a higher risk of being involved in unethical conduct by utilizing the risk assessment mechanisms against unethical conduct. And these mechanisms cover the precautionary measures in the second paragraph of Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”.</p> <p>(3) We have clearly stated the operating procedures and behavior guidelines in “Ethical Corporate Management Best Practice Principles” and stated punishment, and appeal systems for violations in the unethical conduct prevention plan in “Code of Ethical Conduct”. The adequacy and effectiveness of this prevention program is reviewed on a regular basis. We also determined the units which handles treasury and procurement as the ones with potential risks. The involved units are required to undergo specific trainings, developing relevant implementation manuals for advocacy/regulation, internal audit or regular work rotation to reduce potential risk.</p>	<p style="text-align: center;">No discrepancy</p>

Item		
	Yes	No
2. Ethic Management Practice		
(1) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	✓	
(2) Has the Company established a unit affiliated with the board to promote corporate ethical management, and regularly (at least once a year) report to the board its ethical management policies and plans to prevent unethical conduct and monitor implementation?	✓	
(3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓	
(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical management, where the internal audit unit prepared relevant audit plans based on the result of risk assessment of unethical conducts, and checked the compliance with the plan to prevent unethical conducts, or delegated an accountant to perform the verification?	✓	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓	

	Implementation Status	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<p style="text-align: center;">summary</p> <p>(1) Prior to any commercial transactions with external entities, we consider their ethical performance by reviewing their condition of legitimacy, ethical policy and records of unethical behaviors. We also convey our policy and ethical standards to our business partners and refuse to offer, commit, request or accept any improper advantage in any form, either directly or indirectly. Once we are aware of any unethical events, we will terminate the contract immediately and move the entity to the dishonor list.</p> <p>Besides that, we stipulate the terms and conditions of ethical management in contracts such as specific and reasonable payment terms, handling of unethical conduct including but not limited to the pertaining to prohibition of commissions, rebates, or other benefits.</p> <p>(2) HR department is responsible for the establishment of company’s integrity policy and the supervision of enforcement, and report ethical management policies and plans to the board annually on board meeting. So far no incidents of unethical conduct have been reported.</p> <p>(3) In our “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct”, we clearly define the principles and circumstances of conflicts of interest that related person shall avoid, and we also require them to report proactively to their immediate supervisors, highest level of management of HR or report on board meeting if they face or are aware of similar situations that may arise conflicts of interest.</p> <p>(4) We conduct evaluation and self-audit of the effectiveness of internal control system, including accounting system with considered changes in the business environment, and make appropriate modifications if necessary, The result will be reviewed by Audit Office based on good faith.</p> <p>(5) The new employees on the first day of employment and the new supervisor are required to take ethic/integrity e-learnings courses. All employees are required to conduct regular e-learning courses and results tests.</p>	<p style="text-align: center;">No discrepancy</p>

Item		
	Yes	No
<p>3. Implementation of Complaint Procedures.</p> <p>(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p> <p>(2) Has the Company established standard operating procedures for investigating the complaints received, take corresponding measures after investigation, and ensuring such complaints are handled in a confidential manner?</p> <p>(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	
<p>4. Information Disclosure</p> <p>Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (“MOPS”)?</p>	<p>✓</p>	
<p>5. If the Company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation.</p> <p>No discrepancy.</p>		
<p>6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethics policy).</p> <p>Required suppliers to sign ethical commitment and inform suppliers of our anti-corruption policy via our E-procurement system(WSRM), and promote our ethical standards during the annual vendor conference and Corporate Briefing. The supplier’s implementation status is also reviewed every year.</p>		

	Implementation Status	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<p style="text-align: center;">summary</p> <p>(1) All employees have the duty to report directly to independent board of director, highest level of management of HR, Audit Office or Chairman the improper conduct that is against the ethical conduct of the company. If employees violate the “Code of Ethical Conduct”, we will consider the severity of the violation, and conduct proper action, including dismissal, based on “Guidelines on Employee Award/Disciplinary”. If business partners violate our integrity policy, we will consider the severity of the violation to reduce or terminate our cooperation, or even report to the judicial authorities.</p> <p>(2) Wistron establishes internal complaint procedure, which provides a clear process for complaint addressing, investigation, complaint resolution, etc., All complainants are treated sensitively and confidentially.</p> <p>(3) The complainant and respondent who involved in reporting or investigation of the events are free from injustice or retaliation. We’ve also adopted a concrete Reporting and Whistleblowing System. “Confidentiality of the identity of whistleblowers and the content of reported cases” and “Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistleblowing” are stated in article 22 of “Ethical Corporate Management Best Practice Principles”.</p>	No discrepancy
	<p>On Wistron official website and Market Observation Post System., we disclose the actions and commitments to our ethics policy and RBA (Responsible Business Alliance) code of conduct. The ethical conduct implementation is stated in CSR Report.</p>	No discrepancy

3.4.7 Inquiry on corporate governance principles and related regulations of this Company :

Please refer to the Company's website or Market Observation Post System.

3.4.8 Other information material to the understanding of corporate governance within the Company : None

3.4.9 Internal Control System Execution Status

A. Statement on Internal Control:

Wistron Corporation
Statement on Internal Control

Date: March 24, 2020

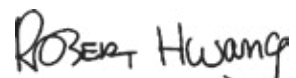
Based on the findings of a self-assessment, Wistron Corporation (Wistron) states the following with regard to its internal control system during the year 2019:

1. Wistron's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Wistron takes immediate remedial actions in response to any identified deficiencies.
3. Wistron evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Wistron has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Wistron believes that, as of December 31, 2019, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Wistron's annual report for the year 2019 and Prospectus, and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors in their meeting held on March 24, 2020, with none of the nine attending directors expressing dissenting opinions. All attending directors have affirmed the content of this Statement.

Wistron Corporation

Chairman: Simon Lin

Vice Chairman & President: Robert Hwang



B. if CPA was retained to conduct a special audit of the internal control system, disclose the audit report : None.

3.4.10 Legal penalties by competent authority to the Company or its employees, and the Company’s punishment on its employees for violation of internal control system, major deficiencies and improvement measures in the most recent year and as of the publication of this annual report:

In 2019, no legal penalty was taken against the Company and its employees by any competent authority. For identified violation of the Company’s internal control system, punishments were issued accordingly and relevant supervisions for improvements were adopted.

3.4.11 Major Resolutions of Shareholders’ Meeting and Board Meetings

A. Major Resolutions of Shareholders’ Meeting

Date	Important resolution	Implementation Status
2019.06.12	1. Ratification of 2018 Business Report and Financial Statements as proposed.	To implement in accordance with the resolutions.
	2. Ratification of the proposal for distribution of 2018 profits as proposed.	Since the Company transferred part of treasury stocks to employees, the total numbers of shares outstanding have been changed and the payout ratio of cash dividend were changed to NT\$1.48793283. The Company had set the ex-dividend record date on July 28, 2019. The cash dividends were allocated on August 14, 2019.
	3. Approval of issuance of new common shares for cash to sponsor issuance of GDR and/orissuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of new common shares for cash to sponsor issuance of GDR in private placement.	The company has not yet implemented those capital increase plan.
	4. Approval of amendments to the “Articles of Incorporation” as proposed.	The amended “Articles of Incorporation” were completed the registration on June 27, 2019.
	5. Approval of amendments to the “Procedures of Asset Acquisition and Disposal” as proposed.	The amended “Procedures of Asset Acquisition and Disposal” were implemented on June 12, 2019.
	6. Approval of amendments to the “Procedures Governing Loaning of Funds” as proposed.	The amended “Procedures Governing Loaning of Funds” were implemented on June 12, 2019.
	7. Approval of amendments to the “Procedures Governing Endorsements and Guarantees” as proposed.	The amended “Procedures Governing Endorsements and Guarantees” were implemented on June 12, 2019.

B. Major Resolutions of Board Meetings

	Date	Important resolution	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
1st Board Meeting of 2019	2019.03.05	1. Approval of the amendments to the “Articles of Incorporation”. 2. Approval of the changes in Organization. 3. Approval of the promotion of managers.	V	Resolved		
2nd Board Meeting of 2019	2019.03.25	1. Approval of the salary adjustment to the managers (excluding CSO) in 2019. 2. Approval of the performance bonus budget to the managers (excluding CSO) in 2019. 3. Approval of the compensation for employees and directors of 2018. 4. Approval of the proposal of 2018 employees’ compensation payout ratio and amount to the managers (excluding CSO). 5. Approval of the proposal of 2018 employees’ compensation payout ratio and amount to CSO. 6. Approval of the salary adjustment to CSO in 2019. 7. Approval of the performance bonus budget to CSO in 2019. 8. Approval of the business plan of 2019. 9. Approval of the business report of 2018. 10. Approval of the parent-company-only and consolidated financial statements of 2018. 11. Approval of the proposal for 2018 earnings distribution. 12. Approval of issuance of new common shares for cash to sponsor issuance of GDR and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of new common shares for cash to sponsor issuance of GDR in private placement.	V	Resolved		
			V	Resolved		
			V	Resolved		
			V	Resolved		
			V	Resolved		
			V	Resolved		
			V	Resolved	V	Resolved
			V	Resolved	V	Resolved
			V	Resolved	V	Resolved
			V	Resolved	V	Resolved

	Date	Important resolution	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
2nd Board Meeting of 2019	2019.03.25	13. Approval of the amendments to the “Procedures of Asset Acquisition and Disposal”.			V	Resolved
		14. Approval of the amendments to the “Procedures Governing Loaning of Funds”.			V	Resolved
		15. Approval of the amendments to the “Procedures Governing Endorsements and Guarantees”.			V	Resolved
		16. Approval of the amendments to the “Rules and Procedures of Board of Directors Meeting”.				
		17. Approval of the time, venue and agenda of 2019 general shareholders’ meeting.				
		18. Approved KPMG as audit accountants in 2019.			V	Resolved
		19. Approval of the changing of CPA for internal adjustments within the KPMG.			V	Resolved
		20. Approval of the amendments to the “Corporate Governance Best Practice Principles” and designation of Company Secretary.				
		21. Approval of Internal Control System Statement of 2018.			V	Resolved
		22. Approve of the application for opening an Offshore Banking Account with Bank of Communications.				
23. Approve of the application for bank facility.						
24. Approval of increase or decrease amount of endorsements and guarantees.			V	Resolved		
3rd Board Meeting of 2019	2019.05.10	1. Approval of re-review the proposal for transferring treasury stocks to the managers (excluding CSO) which has resolved in 2nd Board Meeting of 2018.	V	Resolved		
		2. Approval of the adjustment of proposal for transferring treasury stocks to CSO which has resolved in 2nd Board Meeting of 2018.	V	Resolved		
		3. Approval of consolidated financial statements of 2019Q1.			V	Resolved
		4. Approval of acquiring or disposing of equipment held for business use with subsidiaries.				

	Date	Important resolution	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
3rd Board Meeting of 2019	2019.05.10	5. Approval of the application of AR factoring from Chang Hwa Bank. 6. Approve of the application for bank facility. 7. Approval of increase or decrease amount of endorsements and guarantees. 8. Withdrawal of the amendments to the “The 1st Rules on Transfer Repurchased Shares to Employees for 2016.”			V	Resolved
4th Board Meeting of 2019	2019.06.12	1. Approval of making a loan to Wistron InfoComm Manufacturing (India) Private Limited. 2. Approval of election the Vice Chairman of the Company.			V	Resolved
5th Board Meeting of 2019	2019.08.12	1. Approval of the performance bonus to managers (excluding CSO) in 2019 first half of the year. 2. Approval of the performance bonus to CSO in 2019 first half of the year. 3. Approval of the non-independent directors’ compensation of 2018. 4. Approval of consolidated financial statements of 2019Q2. 5. Approval of the new appointment of Internal Audit Officer. 6. Approval of the cancellation of the 1st treasury shares of year 2016 and the record date of capital reduction. 7. Approval of the amendments to the “Internal Control Systems”. 8. Approval of the amendments to the “Internal Control Systems of Shareholder Services Units”. 9. Approval of the amendments to the “Procedures for Handling Charitable Donations or Sponsorships”. 10. Approval of the amendments to the “Procedures of the budget management”.	V V V	Resolved Resolved Resolved	V V V V V	Resolved Resolved Resolved Resolved Resolved

	Date	Important resolution	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
5th Board Meeting of 2019	2019.08.12	11. Approval of acquiring or disposing of equipment held for business use with subsidiaries. 12. Approve of the application for bank facility. 13. Approval of increase or decrease amount of endorsements and guarantees.			V	Resolved
6th Board Meeting of 2019	2019.11.12	1. Approval of consolidated financial statements of 2019Q3. 2. Approval of the authorization within US\$20,000 thousand to negotiate the land right-of-use for setting up a factory in Vietnam. 3. Approval of the subsidiary Wistron Mexico S.A. de C.V. intends to split some assets to Wistron InfoComm (Mexico) S.A. de C.V., and will reduce the capital. 4. Approval of acquiring or disposing of equipment held for business use with subsidiaries. 5. Approve of the application for bank facility. 6. Approval of increase or decrease amount of endorsements and guarantees.			V V V V	Resolved Resolved Resolved Resolved
7th Board Meeting of 2019	2019.12.19	1. Approval of the performance bonus to managers (excluding CSO) in 2019 second half of the year. 2. Approval of the performance bonus to CSO in 2019 second half of the year. 3. Approval of the proposal of Employee Stock Ownership Trust to managers. 4. Approval of the new investment of US\$45 million in Wistron InfoComm (Vietnam) Co., Ltd. (WVN). and the investment proposal of WVN in 6.3 trillion (about US\$274million) 5. Approval of the amendments to the “Ethical Corporate Management Best Practice Principles”.	V V V	Resolved Resolved Resolved	V	Resolved

	Date	Important resolution	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
7th Board Meeting of 2019	2019.12.19	6. Approval of the amendments to the “Rules for Board of Directors Performance Assessments” and change the name to “Rules for Board of Directors and functional committee Performance Assessments”				
		7. Approval of the establishment of Corporate Sustainability Committee and the amendments to the “Corporate Social Responsibility Best Practice Principles”. 8. Approval of newly establishment of Nominating Committee and setting “Nominating Committee Charter”. 9. Approval of 2020 Annual Audit Plans. 10. Approval of opening a free trade zone bank account in Free Trade Zone Business Management Center of Nanjing Bank, and a NRA account in Suzhou Branch, for the business of FI trade re-financing under T/T and L/C issuance. 11. Approval of acquiring or disposing of equipment held for business use with subsidiaries. 12. Approve of the application for bank facility. 13. Approval of increase or decrease amount of endorsements and guarantees.			V	Resolved
1st Board Meeting of 2020	2020.03.24	1. Approval of the compensation for employees and directors of 2019.	V	Resolved		
		2. Approval of the salary adjustment to the managers (excluding CSO) in 2020.	V	Resolved		
		3. Approval of the performance bonus budget to the managers (excluding CSO) in 2020.	V	Resolved		
		4. Approval of the proposal of 2019 employees’ compensation payout ratio and amount to the managers (excluding CSO).	V	Resolved		
		5. Approval of the proposal of 2019 employees’ compensation payout ratio and amount to CSO.	V	Resolved		

	Date	Important resolution	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
1st Board Meeting of 2020	2020.03.24	6. Approval of the salary adjustment to CSO in 2020.	V	Resolved		
		7. Approval of the performance bonus budget to CSO in 2020.	V	Resolved		
		8. Approval of the investment in Wistron InfoComm Technology (Texas) Corporation through Wistron LLC.			V	Resolved
		9. Approval of the investment in Wistron Medical Tech Holding Company			V	Resolved
		10. Approval of making a loan to Wistron Technology (Malaysia) Sdn. Bhd.			V	Resolved
		11. Approval of the business plan of 2020.				
		12. Approval of the business report of 2019.			V	Resolved
		13. Approval of the parent-company-only and consolidated financial statements of 2019.			V	Resolved
		14. Approval of the proposal for 2019 earnings distribution.			V	Resolved
		15. Approval of issuance of new common shares for cash to sponsor issuance of GDR and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of new common shares for cash to sponsor issuance of GDR in private placement.			V	Resolved
		16. Approval of issuance of restricted stock awards to key employees.			V	Resolved
		17. Approval of the amendments to the “Articles of Incorporation”.				
		18. Approval of the amendments to the “Rules and Procedures of Shareholders’ Meeting”.				
		19. Approval of the time, venue and agenda of 2020 general shareholders’ meeting.				
		20. Approval of the amendments to the “Corporate Governance Best Practice Principles”.				

	Date	Important resolution	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
1st Board Meeting of 2020	2020.03.24	21. Approval of the amendments to the “Rules for Board of Directors and Function Committee Performance Assessments”. 22. Approval of the amendments to the “Rules and Procedures of Board of Directors Meeting”. 23. Approval of the amendments to the “Audit Committee Charter”. 24. Approval of the amendments to the “Compensation Committee Charter”. 25. Approval of setting “ESG Committee Charter”. 26. Approval of setting “Tax Strategy”. 27. Approved KPMG as audit accountants in 2020. 28. Approval of Internal Control System Statement of 2019. 29. Approval of acquiring or disposing of equipment held for business use with subsidiaries. 30. Approval of the application of AR factoring from Chang Hwa Bank. 31. Approve of the application for bank facility. 32. Approval of increase or decrease amount of endorsements and guarantees. 33. Approval of the repurchasing of the company’s shares and transfer to employee share incentive program.	V	Resolved	V	Resolved
					V	Resolved
					V	Resolved
					V	Resolved

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors : None.

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate governance officer and R&D :

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
General Auditor	M.Y. Lin	2002.01.01	2019.07.01	Retirement

3.5 Information Regarding the Company's Audit Fee and Independence

A. Non-audit fee should be distinguished by service item. If the "Others" item amounts to more than 25% of total non-audit fees, a detailed breakdown must be provided in the Remarks column: None.

B. If a change of accounting firm has taken place during the year, please divide the audit period and disclose audit and non-audit fee in chronological order. Please also state the reason for such changes in the Remarks column: None.

C. If audit fee is reduced by 10% or more from the previous year, the amount, percentage and reason for reduction must be disclosed: None.

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
KPMG	Ya- Ling, Chen	2019/01~2019/12	
	Chia-Chien, Tang		

Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason.

Audit Fee brackets table

Unit: NT\$ thousands

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$ 2,000,000			V	1,795
2	NT\$2,000,001 ~ NT\$4,000,000				
3	NT\$4,000,001 ~ NT\$6,000,000				
4	NT\$6,000,001 ~ NT\$8,000,000				
5	NT\$8,000,001 ~ NT\$10,000,000		V		8,670
6	Over NT\$10,000,000				

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal (Note)		
KPMG	Ya-Ling, Chen, Chia-Chien, Tang	8,670				1,795	1,795	2019/01~2019/12	

Note: Tax consulting service fee, and the travel expenses of taking inventory.

3.6 Replacement of CPA : None.

3.7 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed : None.

3.8 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2019		As of Apr. 20, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & CSO	Simon Lin	0	0	0	0
Vice Chairman & President	Robert Hwang	(209,000)	0	(80,000)	0
Director	Wistron NeWeb Corp.	0	0	0	0
	Representative: Haydn Hsieh	0	0	0	0
Director	Philip Peng	0	0	0	0
Independent Director	Jack Chen	0	0	0	0
Independent Director	S. J. Paul Chien	0	0	0	0
Independent Director	C.H. Chen	0	0	0	0
Independent Director	Christopher Chang	0	0	0	0
Independent Director	Sam Lee	0	0	0	0
Chief of Staff	Frank F.C. Lin	100,000	0	0	0
Chief Technology Officer	Donald Hwang	97,000	0	(1,500,000)	0
Wistron Technologies CEO	Jeff Lin	0	0	0	0
Wistron Smart Devices CEO	David Shen	300,000	0	(2,327,359)	0
Chief Digital Officer	Kenny Wang	(124,000)	0	(110,000)	0
Chief Finance Officer	Stone Shih	100,000	0	0	0
Wistron Technologies President of Enterprise Business Group	William Lin	(518,000)	0	(10,000)	0
Technical Vice President	Kelvin Chang	37,000	0	0	0
Strategy Planning Vice President	KY Wang	50,000	0	(20,000)	0
Wistron Technologies President of Computing Products Business Group	Robert CL Lin	100,000	0	0	0
Wistron Smart Devices President of Component Business Group	Vincent Cho	33,000	0	0	0
Wistron Smart Devices Operations President	James Chou	73,000	0	0	0
Wistron Technologies Operations President	Jackie Lai (Note 1)	-	-	0	0
Wistron Technologies Vice President of Computing Products Business Group	Felix Lai	(60,000)	0	0	0
Wistron Technologies Vice President of Service Business Group	Peter Tung	(518,000)	0	0	0
General Auditor	M.Y. Lin(Note 2)	-	-	-	-

Note 1: Appointed on March 5, 2019

Note 2: Retirement on July 1, 2019

3.8.1 Shares Trading with Related Parties : None.

3.8.2 Shares Pledge with Related Parties : None.

3.9 Relationship among the Top Ten Shareholders(April 20, 2020)

Unit: Shares ; %

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Yuanta Taiwan Dividend Plus ETF	56,432,333	1.99	0	0	0	0	None	None	
Norges Bank	55,837,944	1.97	0	0	0	0	None	None	
Acer Incorporated Representative: Jason Chen	54,815,995	1.93	0	0	0	0	None	None	
	-	-	-	-	-	-	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	50,702,524	1.78	0	0	0	0	None	None	
Lin, Hsien-Ming	43,599,252	1.53	1,544	0	0	0	None	None	
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	41,125,535	1.45	0	0	0	0	None	None	
Management Board of Public Service Pension Fund	39,930,163	1.41	0	0	0	0	None	None	
Labor Pension Fund	38,178,595	1.34	0	0	0	0	None	None	
Dimensional Emerging Markets Value Fund	30,899,343	1.09	0	0	0	0	None	None	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Authority	29,135,778	1.03	0	0	0	0	None	None	

3.10 Ownership of Shares in Affiliated Enterprises

Unit: Shares ; %

Information on investees (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/ Managers		Total Ownership	
	Shares	Ratio of shares	Shares	Ratio of shares	Shares	Ratio of shares
Cowin Worldwide Corporation	188,393,915	100.00	0	0	188,393,915	100.00
Win Smart Co., LTD	484,065,492	100.00	0	0	484,065,492	100.00
Wise Cap Limited Company	(Note 2)	100.00	0	0	(Note 2)	100.00
Wistron NeWeb Corporation	89,674,679	22.97	8,905,342	0.08	98,580,021	23.05
INTERNATIONAL STANDARDS LABORATORY CORP.	2,434,462	100.00	0	0	2,434,462	100.00
WiAdvance Technology Corporation	19,998,536	99.99	0	0	19,998,536	99.99
SMS Infocomm Corporation	4,832,686	100.00	0	0	4,832,686	100.00
Wistron Mexico S.A. de C.V.	293,453,615	100.00	0	0	293,453,615	100.00
All Holding Corp.	347,485,702	100.00	0	0	347,485,702	100.00
Wistron InfoComm (Philippines) Corporation	139,567,270	100.00	0	0	139,567,270	100.00
SMS InfoComm (Singapore) Pte. Ltd.	112,489,410	100.00	0	0	112,489,410	100.00
Wistron LLC	5,436,000	100.00	0	0	5,436,000	100.00
WisVision Corporation	12,005,000	100.00	0	0	12,005,000	100.00
Wistron Europe Holding Cooperatie U.A.	(Note 2)	99.99	(Note 2)	0.01	(Note 2)	100.00
SMS InfoComm Technology Services and Management Solutions Ltd	37,242,500	99.99	5,000	0.01	37,247,500	100.00
SMS InfoComm Technology Services Limited Company	21,978	99.90	22	0.10	22,000	100.00
Wistron GreenTech(Texas) Corporation	13,005	100.00	0	0	13,005	100.00
Wistron Advanced Materials(Hong Kong)Limited	33,500,000	100.00	0	0	33,500,000	100.00
WiseCap (Hong Kong) Limited	58,445,950	100.00	0	0	58,445,950	100.00
WISTRON TECHNOLOGY (MALAYSIA) SDN.BHD.	80,000,000	100.00	0	0	80,000,000	100.00
Service Management Solutions Mexico SA DE CV	36,429,340	100.00	0	0	36,429,340	100.00
Service Management Solutions Colombia S.A.S.	559,179	100.00	0	0	559,179	100.00
Wistron Mobile Solutions Corporation	20,000	100.00	0	0	20,000	100.00
Wiwynn Corporation	78,418,129	44.90	18,249,100	5.98	96,667,229	50.88
Anwith Technology Corporation	1,000,000	100.00	0	0	1,000,000	100.00
WiEDU Holding Co., Ltd.	5,700,000	100.00	0	0	5,700,000	100.00
Wistron InfoComm(Czech), s.r.o.	(Note 2)	100.00	0	0	(Note 2)	100.00
WiEdu Hong Kong Limited	11,426,000	100.00	0	0	11,426,000	100.00
Wistron Medical Tech Holding Company	200,000,000	100.00	0	0	200,000,000	100.00
Wistron Digital Technology Holding Company	67,873,000	100.00	0	0	67,873,000	100.00
ANWITH SERVICE CO., LTD.	3,798,800	100.00	0	0	3,798,800	100.00
Anwith Corporation	75,000	100.00	0	0	75,000	100.00
SMS Infocomm Global Service (CQ)	(Note 2)	100.00	0	0	(Note 2)	100.00
SMS INFOCOMM CHILE SERVICIOS LIMITADA	(Note 2)	100.00	0	0	(Note 2)	100.00
Wistron Technology Service (America) Corporation	35,000	100.00	0	0	35,000	100.00
Information SuperGrid Technology Global Inc.	5,000	40.00	0	0	5,000	40.00
Information SuperGrid Technology China Limited	5,000	40.00	0	0	5,000	40.00

Information on investees (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/ Managers		Total Ownership	
	Shares	Ratio of shares	Shares	Ratio of shares	Shares	Ratio of shares
HERACLES ENTERPRISES LIMITED	330	30.00	0	0	330	30.00
Formosa Prosonic Industries Berhad	69,260,000	28.00	0	0	69,260,000	28.00
Join-Link International Technology Co. Ltd.	20,261,108	41.03	1,933,947	3.92	22,195,055	44.95
Smartply, Inc	2,723,682	23.97	0	0	2,723,682	23.97
Optiemus Electronics Limited	2,760,000	19.91	0	0	2,760,000	19.91
WIBASE INDUSTRIAL SOLUTIONS INC.	17,888,000	46.10	640,000	0.76	18,528,000	46.86
T-CONN PRECISION CORPORATION	3,475,584	13.65	2,298,236	9.03	5,773,820	22.68

Note 1: Long investment of the Company

Note 2: It is the limited company

3.11 Corporate Sustainability and Social Responsibility Management

Wistron is committed to establishing a corporate sustainability and social responsibility (CSR) management system that will exceed local regulatory and ethical standards. The development of high-quality green products and services will also be complemented by protection of the environment as well as employee health, safety and human rights in order to protect stakeholders' interests.

The CSR management system constructed by the company covers five management systems including quality, green products, environmental protection, occupational safety and health, and social responsibility, etc. Each management system is established by adopting a corresponding international standard such as ISO9001, IECQ QC080000, ISO14001/14064-1/50001, OHSAS18001/ISO 45001, and SA8000/RBA. The contents are as follows:

(1) Quality Management System

Wistron values its customers and the quality of its products and services and follows international quality standards during R&D and manufacturing processes in order to deliver defect-free, competitive products and services to its customers on time.

Since 1992, the quality management systems implemented in the worldwide major manufacturing sites have successively passed the verification conducted by international certification bodies and obtained the international standard ISO9001 certificate.

(2) Green Product Management System

In order to reduce the environmental load caused by a product in its life cycle, while developing the product, Wistron upholds the concept to green product design as energy conservation, material reduction, hazardous substance restriction, and recycling. In addition, Wistron follows international regulations and customer requirements and dedicates itself to simplify its design, production and operation processes to reach product Earth-friendly and environment

sustainability. Since 2006, the hazardous substance process management systems implemented in the worldwide major manufacturing plants have successively passed the verification conducted by international certification bodies and obtained the international standard IECQ QC080000 certificate.

(3) Environmental Management System

Wistron understands that its activities, products, and services will influence the environment. To minimize the impact to the environment, Wistron is committed to the zero usage of restricted and banned materials and substances, the conservation of energy usage, and the implementation of recycling programs for our wastes. Through green product program, we carefully select raw materials and suppliers and actively promote pollution reduction by adopting Earth-friendly technologies wherever feasible.

Since 1997, the environmental management systems implemented in the worldwide major manufacturing sites have successively passed the verification conducted by international certification bodies and obtained the international standard ISO14001 certificate.

Moreover, the greenhouse gas (GHG) emission management system of each major manufacturing site has successively passed the international third-party party's verification and obtained the international standard ISO14064-1 certificate.

Also, since 2013, the energy management systems in Taiwan area (including Neihu headquarters, Hsichih Office Complex, Hsinchu Plant), Zhongshan Plant, Chongqing Plant, and Chengdu Plant have successively passed the verification conducted by international certification bodies and obtained the international standard ISO50001 certificate.

(4) Occupational Health and Safety Management System

Wistron is fully aware of the hazards and risks in the workplace that affect all employees (including employees, temporary staff, contractors, visitors and others) working within the company's control area. In order to prevent the injury and unhealthy incidents from happening to our employees, we promise to establish an occupational safety and health management system to ensure that employees work in a healthy and injury-free environment. Since 2003, the occupational safety and health management systems of the major manufacturing sites around the world have successively passed the verification conducted by international certification bodies and obtained the international standard OHSAS18001 certificate. Maxico Plant successively completed the ISO 45001 certification in 2019.

(5) Social Accountability Management System

Wistron is committed to abiding by social-responsibility-related international and regulations and continuously improves the rights and benefits of our employees with fulfilling its social responsibility by establishing an honest, healthy and safe operating environment.

Since 2007, the social accountability management systems of the major manufacturing sites around the world have been audited by customers or their designated international third-party certification body.

4. Company Shares and Fund Raising

4.1 Capital and Shares (April 20, 2020)

4.1.1 Changes in share capital

A. Type of Stock

Unit : Shares

Shares Category	Authorized capital				Notes
	Issued shares (note)		Non-issued	Total	
	Listed	Non-listed			
Common shares	2,840,612,050	0	1,159,387,950	4,000,000,000	Stock option 200,000,000 shares

Note : Issued shares including treasury stock 1,580,000 shares.

B. Issued Shares

As of 04/20/2020

Month/ Year	Par Value (NT\$)	Authorized Capital		Authorized Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2001.05	10	1,000	10,000	1,000	10,000	Issuance of Shares	None	
2001.08	10	350,000	3,500,000	100,000	1,000,000	New issuance of Shares	None	
2002.04	14.5	905,000	9,050,000	500,000	5,000,000	Consideration to purchase assets from Acer	None	
2002.07	22.5	905,000	9,050,000	800,000	8,000,000	New issuance of Shares	None	
2003.03	14.5	905,000	9,050,000	809,962	8,099,620	Issuance of employee stock option	None	
2003.08	14.5	905,000	9,050,000	811,797	8,117,970	Issuance of employee stock option	None	
2003.11	10/ 14.5	1,125,000	11,250,000	870,925	8,709,251	New issuance of Shares and issuance of employee stock option	None	
2004.04	13.8	1,125,000	11,250,000	882,399	8,823,991	Issuance of employee stock option	None	
2004.09	10/ 13.8	1,223,700	12,237,000	948,991	9,489,911	New issuance of Shares and issuance of employee stock option	None	
2005.01	13.1	1,223,700	12,237,000	949,314	9,493,141	Issuance of employee stock option	None	
2005.04	13.1	1,223,700	12,237,000	950,741	9,507,411	Issuance of employee stock option	None	
2005.06	13.1	1,600,000	16,000,000	958,391	9,583,910	Issuance of employee stock option	None	
2005.10	30.78/ 29.67/ 13.1	1,600,000	16,000,000	1,140,568	11,405,689	New issuance of GDR and issuance of employee stock option and issuance of ECB transferred.	None	

Month/ Year	Par Value (NT\$)	Authorized Capital		Authorized Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2006.01	29.44/ 13.1	1,600,000	16,000,000	1,178,274	11,782,742	Issuance of employee stock option and issuance of ECB transferred.	None	
2006.04	29.44/ 13.1	1,600,000	16,000,000	1,196,362	11,963,621	Issuance of employee stock option and issuance of ECB transferred.	None	
2006.08	10	1,600,000	16,000,000	1,272,356	12,723,568	New issuance of Shares	None	
2007.08	10	2,000,000	20,000,000	1,381,926	13,819,261	New issuance of Shares	None	
2008.07	47.27	2,000,000	20,000,000	1,405,926	14,059,261	Issuance of common stocks through private placement	None	
2008.09	10	2,000,000	20,000,000	1,516,637	15,166,367	New issuance of Shares	None	
2009.07	49	2,500,000	25,000,000	1,666,637	16,666,367	New issuance of GDR	None	
2009.08	10	2,500,000	25,000,000	1,850,616	18,506,158	New issuance of Shares	None	
2010.02	46.7	2,500,000	25,000,000	1,864,269	18,642,688	Issuance of employee stock option	None	
2010.04	46.7	2,500,000	25,000,000	1,869,794	18,697,938	Issuance of employee stock option	None	
2010.05	46.7	2,500,000	25,000,000	1,870,270	18,702,698	Issuance of employee stock option	None	
2010.08	10	2,500,000	25,000,000	1,963,783	19,637,833	New issuance of Shares	None	
2010.09	46.7/ 42.5	2,500,000	25,000,000	1,964,133	19,641,333	Issuance of employee stock option	None	
2010.11	42.5	2,500,000	25,000,000	1,965,007	19,650,073	Issuance of employee stock option	None	
2011.03	42.5	2,500,000	25,000,000	1,985,579	19,855,793	Issuance of employee stock option	None	
2011.05	42.5	2,500,000	25,000,000	1,986,152	19,861,523	Issuance of employee stock option	None	
2011.09	10/ 42.5	3,000,000	30,000,000	2,084,881	20,848,812	New issuance of Shares and issuance of employee stock option	None	
2012.01	37.6	3,000,000	30,000,000	2,084,997	20,849,972	Issuance of employee stock option	None	
2012.04	49.3/ 37.6	3,000,000	30,000,000	2,093,173	20,931,733	Issuance of employee stock option and issuance of ECB transferred.	None	
2012.05	37.6	3,000,000	30,000,000	2,094,015	20,940,153	Issuance of employee stock option	None	
2012.08	10	3,000,000	30,000,000	2,197,943	21,979,432	New issuance of Shares	None	
2013.04	33.6	3,000,000	30,000,000	2,197,969	21,979,692	Issuance of employee stock option	None	
2013.08	10	3,000,000	30,000,000	2,315,140	23,151,403	New issuance of Shares and cancellation of treasury stocks.	None	

Month/ Year	Par Value (NT\$)	Authorized Capital		Authorized Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2013.09	10	3,000,000	30,000,000	2,377,935	23,779,353	Issuance of Restricted Stock Awards to key employees	None	
2013.11	29.2	3,000,000	30,000,000	2,378,160	23,781,603	Issuance of employee stock option	None	
2014.08	10/ 29.2/ 10	3,000,000	30,000,000	2,447,599	24,475,994	New issuance of Shares. Issuance of employee stock option Cancellation of Restricted Stock Awards to key employees	None	
2014.11	26.6	3,000,000	30,000,000	2,468,267	24,682,674	Issuance of employee stock option	None	
2015.08	10/ 10	3,000,000	30,000,000	2,555,482	25,554,824	New issuance of Shares. Cancellation of Restricted Stock Awards to key employees	None	
2016.07	10	4,000,000	40,000,000	2,579,503	25,795,025	New issuance of Shares.	None	
2016.08	10	4,000,000	40,000,000	2,652,136	26,521,362	New issuance of Shares.	None	
2016.11	10	4,000,000	40,000,000	2,650,316	26,503,164	Cancellation of Restricted Stock Awards to key employees	None	
2017.06	10	4,000,000	40,000,000	2,673,807	26,738,065	New issuance of Shares.	None	
2017.08	10	4,000,000	40,000,000	2,749,861	27,498,607	New issuance of Shares.	None	
2017.11	10	4,000,000	40,000,000	2,748,688	27,486,880	Cancellation of Restricted Stock Awards to key employees	None	
2018.06	10	4,000,000	40,000,000	2,778,828	27,788,282	New issuance of Shares.	None	
2018.07	10	4,000,000	40,000,000	2,765,573	27,655,735	Cancellation of treasury stocks	None	
2018.08	10	4,000,000	40,000,000	2,845,778	28,457,785	New issuance of Shares.	None	
2018.11	10	4,000,000	40,000,000	2,842,122	28,421,220	Cancellation of treasury stocks	None	
2019.08	10	4,000,000	40,000,000	2,840,612	28,406,121	Cancellation of treasury stocks	None	

4.1.2 Shareholding Structure

Date : April 20, 2020

Category/ Number	Government Institution	Financial Institution	Other Institution	Individual	FINI	Treasury Stocks	Total
Number of Shareholders	5	7	283	179,880	1,090	1	181,266
Shareholding (shares)	91,077,258	28,704,728	222,808,353	938,055,927	1,558,385,784	1,580,000	2,840,612,050
Percentage (%)	3.21	1.01	7.84	33.02	54.86	0.06	100.00

4.1.3 The Distribution of Shareholdings

Date : April 20, 2020

Category by shareholdings	No. of Shareholders	Number of Shares	Percentage(%)
1 ~ 999	81,936	16,700,623	0.59
1,000 ~ 5,000	68,031	142,983,061	5.03
5,001 ~ 10,000	14,477	102,035,762	3.59
10,001 ~ 15,000	6,373	75,986,533	2.68
15,001 ~ 20,000	2,504	43,973,730	1.55
20,001 ~ 30,000	2,887	69,824,049	2.46
30,001 ~ 50,000	2,014	77,536,705	2.73
50,001 ~ 100,000	1,433	98,353,827	3.46
100,001 ~ 200,000	665	90,034,401	3.17
200,001 ~ 400,000	357	100,413,067	3.53
400,001 ~ 600,000	132	64,665,469	2.28
600,001 ~ 800,000	70	48,975,440	1.72
800,001 ~ 1,000,000	57	51,089,503	1.80
1,000,001 and above	330	1,858,039,880	65.41
Total	181,266	2,840,612,050	100.00

4.1.4 The List of Major Shareholders

Date : April 20, 2020

Name	Shares	Number	Percentage(%)
Yuanta Taiwan Dividend Plus ETF		56,432,333	1.99
Norges Bank		55,837,944	1.97
Acer Incorporated		54,815,995	1.93
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		50,702,524	1.78
Lin, Hsien-Ming		43,599,252	1.53
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds		41,125,535	1.45
Management Board of Public Service Pension Fund		39,930,163	1.41
Labor Pension Fund		38,178,595	1.34
Dimensional Emerging Markets Value Fund		30,899,343	1.09
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Authority		29,135,778	1.03

4.1.5 Market Price Per Share, Net Value, Earnings & Dividends For Latest Two Years

Unit : NT\$

Item	Period	2018	2019	2020 (As of March 31)	
Market Price Per Share	Highest	28.30	30.1	29.50	
	Lowest	16.90	18.6	18.55	
	Average	22.01	24.52	25.24	
Net Value Per Share	Before Distribution	24.47	26.03	-	
	After Distribution	22.97	-	-	
Earnings Per Share	Weighted Average Share Numbers (thousand shares)	2,794,207	2,830,397	-	
	Earnings Per Share	Current	1.76	2.4	-
		Adjusted	1.76	-	-
Dividend Per Share	Cash Dividend (NT\$)	1.5	2	-	
	Stock Dividend	Retained Earning (%)	0	0	-
		Capital Surplus (%)	0	0	-
	Accumulated unpaid dividends	0	0	-	
Return on Investment Analysis	P/E Ratio	12.51	10.22	-	
	P/D Ratio	14.67	12.26	-	
	Cash Dividend Yield	6.82%	8.16%	-	

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

- (A) If the Company has net profit as a result of the yearly accounting closing, the Company shall first offset its losses in previous years and set aside a legal capital reserve at ten percent (10%) of the net profit, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge, then appropriate not less than ten percent (10%) of the remaining balance plus undistributed earnings in begin of period are available for distribution as dividends to shareholders. The board of directors may propose the distribution for approval in the shareholders' meeting.
- (B) In consideration that the Company is in a capital and technology-intensive industry and in consideration of the Company's expansion and for its continual and steady growth, a long-term investment plan needs to be adopted, therefore, the Company adopts the residual dividend policy as its dividend policy. Dividends paid by cash shall not be less than ten percent (10%) of the total dividends.

B. Proposed Distribution of Dividend

The Board adopted a proposal for 2019 profit distribution at its quarterly meeting on March 24, 2020. The proposed profit distribution will take effect upon the approval of shareholders at the Annual Shareholders' Meeting on June 18, 2020.

Proposal for Distribution of 2019 Profits

Unit : NTS

Unappropriated retained earnings at the beginning of the year		5,496,430,722
Plus (Less):		
Effect of Adoption of IFRSs 6	(54,346,157)	
Remeasurements of defined benefit obligation	(92,206,898)	
Changes in ownership interests in subsidiaries	(161,932,560)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(188,755,383)	
Net Profit of 2019	6,800,767,919	
Legal Reserve	(680,076,792)	
Reversal in special reserve	592,109,424	
Retained Earnings Available for Distribution		11,711,990,275
Distribution Items:		
Stock Dividends to Common Shareholders	0	
Cash Dividends to Common Shareholders	(5,681,224,100)	(5,681,224,100)
Unappropriated Retained Earnings		6,030,766,175

C. If a material change in dividend policy is expected, provide an explanation : None.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting :

Not applicable.

4.1.8 Compensation to Employees and to Directors

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

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

(B) No more than one percent (1%) of profit as the compensation in cash to the Directors.

B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

If there would be any differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as a change in accounting estimate and recognized as profit or loss in following year.

C. The linkage between directors' performance and compensation:

According to the Article 4 of "The Compensation System, Structure and Management Method of Performance Evaluation for Directors and Business Managers", the directors' remuneration will distributed in accordance with Article 11 and Paragraph 2 of Article 16 of the "Articles of Incorporation", and the payment methods shall be checked in consideration of the functions of individual directors, meeting attendance and other performance appraisals. The Company will review the remuneration system at any time according to the actual operation situation and relevant laws in order to balance the sustainable operation and risk control of the Company. The actual payment of directors' remuneration which in accordance with the "Principles of Directors' and Functional Comittees' Compensation", shall be examined and approved by the Compensation Committee and the Board of Directors.

D. The Board of Directors resolved the employees' and directors' compensation of 2019 as follows:

(A) The Company's 4th term 9th Compensation Committee Meeting and 1st Board Meeting of 2020 resolved the employees' and directors' compensation of 2019 in accordance with the "Articles of Incorporation."

a. The employees' compensation was NT\$1,164,750,830, and the appropriation rate is 15%, which is paid in cash.

b. The directors' compensation was NT\$76,873,560, and the appropriation ratio is 0.99%, which is paid in cash.

(B) There is no difference between the BOD's proposed amount of compensation to be distributed to employees and directors and the amount listed in the 2019 financial statements.

E. The Bonuses to Employees and Compensation to Directors in 2018:

	2018			
	Board Resolution	Actual Distribution(Note)		
	Amount(NT\$)	Amount(NT\$)	Equivalent Number of Shares	Dilution(%)
Employees' Compensation in Cash	700,154,330	700,154,330	-	-
Employees' Compensation in Stock	-	-	-	-
Directors' Compensation	46,210,190	46,210,190	-	-
Total	746,364,520	746,364,520	-	-

Note: There is no difference between the BOD's proposed amount of compensation to be distributed to employees and directors and the amount listed in the 2018 financial statements.

4.1.9 Treasury Stocks :

(1) Repurchases already completed

Date : August 23, 2019

Treasury stocks: Batch Order	1st of 2016
Purpose of the repurchase	To transfer to employees.
Period for the repurchase	2016/5/14~2016/7/13
Price range of the shares to be repurchased	NT\$16 to NT\$26 per share
Type and number of the shares already repurchased	24,362,000
Monetary amount of the shares already repurchased	NT\$533,235,760
Ratio of the number of shares that were repurchased to the planned number of shares to be repurchased (%)	40.60
Shares canceled or transferred	24,362,000
Accumulated number of company shares held	0
Percentage of total company shares held (%)	0

Note : the cancellation of the 1st treasury stocks of year 2016 had been approved on August 23, 2019

(2) Any repurchase still in progress

Date : April 30, 2020

Treasury stocks: Batch Order	1st of 2020
Purpose of the repurchase	To transfer to employees.
Type of shares to be repurchased	Common shares
Ceiling on the total monetary amount of the repurchase	NT\$34,164,177,514
Planned period for the repurchase	2020/3/25~2020/5/23
Number of shares to be repurchased	60,000,000
Price range of the shares to be repurchased	NT\$16 to NT\$30 per share. If the market price falls below the lowest range, the Company is still authorized to purchase the shares
Type and number of the shares already repurchased	23,069,000 shares
Monetary amount of the shares already repurchased	NT\$611,432,497
Ratio of the number of shares that were repurchased to the planned number of shares to be repurchased (%)	38.45%

4.2 Issuance of Corporate Bonds : None.**4.3 Issuance of Preferred Stock** : None.

4.4 GDR Issuance: Issuance of Global Depositary Shares

Date : March 31, 2020

Item		September 22, 2005	June 19, 2009
Issuance and Listing		Luxembourg Stock Exchange	
Total Amount		US\$ 233,620,000	US\$ 223,500,000
Offering Price per GDRs		US\$ 9.3448	US\$14.9
Units Issued		42,439,863 units	
Underlying Securities		424,398,669 shares	
Common Shares Represented		424,398,669 shares	
Rights and Obligations of GDRs Holders		Same as those of Common Share Holders	
Trustee		Not Applicable	
Depositary Bank		Citibank, N.A.-New York	
Custodian Bank		First Commercial Bank Co. Ltd.	
GDRs Outstanding		7,850 units	
Apportionment of expenses for the issuance and maintenance		All fees and expenses such as underwriting fees, legal fees, listing fees and other expenses related to issuance of GDRs were borne by Wistron and the selling shareholders, while maintenance expenses such as annual listing fees were borne by Wistron.	
Terms and Conditions in the Deposit Agreement and Custody Agreement		See Deposit Agreement and Custody Agreement for Details	
Closing Price per GDRs	2019	High	US\$ 9.90
		Low	US\$ 6.68
		Average	US\$ 7.94
	2020/01/01 ~ 2020/03/31	High	US\$ 9.80
		Low	US\$ 6.15
		Average	US\$ 8.84

4.5 Employee Stock Options : None.

4.6 Restricted Stock Awards to key employees : None.

4.7 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies shall specify the following matters :

None.

4.8 Implementation of the Company's Fund Raising and Utilization : None.

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main areas of business operations

Company's business primarily covers the R&D, manufacturing, testing and after-sales services of the following items:

- (1) Desktop, motherboard, all-in-one and professional computer
- (2) Server, workstation and other components
- (3) Notebook, tablet, smartphone and handheld devices
- (4) Satellite TV receivers, set-top-box and video codec
- (5) VoIP phone, video conference system, telecommunication equipment and multimedia
- (6) LCD TV and monitor
- (7) After-sales services of above mentioned products and peripheral devices
- (8) Waste collecting and disposing
- (9) Design and merchandising of computer software and programs
- (10) Vitro diagnostic device, physiological signal diagnostic device and medical data system
- (11) Manufacturing, processing and selling of electronic products for automobile

B. Revenue distribution

Unit: NT\$ thousands

Major Divisions	Total Sales in Year 2019	(%) of Total Sales
3C Electronics	770,728,400	87.8
Others	107,526,678	12.2
Total	878,255,078	100.00

C. Current Main Products and Services

- (1) Notebook computers
- (2) Smart phones and handheld devices
- (3) Desktop computers and All-in-One (AIO) computers
- (4) Display products
- (5) Voice over Internet Protocol (VoIP) phones
- (6) Servers and network storage facilities
- (7) Industrial application devices (IPC and Rugged devices)

- (8) After-sales services
- (9) Green recycling services
- (10) LCM services (Display components)
- (11) Educational technology services

D. New products and Services development

- (1) Medical devices, Medical AI and Big Data services
- (2) Electrical vehicle

5.1.2 Industry Overview

A. Progress and Development of the Industry

According to Gartner research, in 2019 the shipments of personal computers totaled 2.61 billion compared with 2.59 billion in 2018, a slight growth of 0.6% which was mainly driven by vibrant corporate demand for Windows 10 upgrades. The ongoing Intel CPU shortage from the second half of 2018 still continuously impacted the PC market in 2019. Without this shortage, shipments would have grown faster than the reported results. In terms of mobile devices, shipments for tablets kept falling as predicted, and smartphone shipments continued to decrease as well since some consumers waited for new lines of 5G cell phones to be launched in 2020. Furthermore, the U.S.-China trade war and Huawei restrictions weakened the overall demand for electronics devices in 2019 versus 2018 shipments, a slight decline of 1.4% from 13.9 billion to 13.7 billion.

(1) Personal Computers

In 2019 the demand for PCs, especially the commercial segment, was very strong thanks to Windows 10 upgrades. We expect the momentum to continue through 2020 since the work from home demand is rising as the Covid-19 virus is spreading worldwide and many businesses in China and emerging markets have not yet upgraded Windows software even though Windows 7 support ends in January 2020. On the other hand, the market demand is gradually developing as M style. Even though certain low-end demand still exists, the consumer segment is migrating toward the high end because current general consumers are more willing to pay a premium to prolong the product replacement cycle. In 2020, the dual screen Notebook products created a whole new experience with screen extension, broad visual effect, multitask usage, and convenient film editing. In addition, the high end Gaming PC is gaining more traction in the PC market in recent years. Although the penetration of those high-end products is still low, they are segments with potential in the mature market.

(2) Mobile Devices

From tablets and smartphones to wearable devices, mobile devices are evolving in both the hardware side (such as wireless charge, 3D camera, rollable display, and facial recognition) and the software side (such as AI virtual assistant and medical care monitor). Market consensus expected the smartphone could attract another new product replacement cycle in 2020 driven by 5G deployment. However, 5G still lacks killer applications and related infrastructure has not been completed yet - the only bright side is download speeds faster than

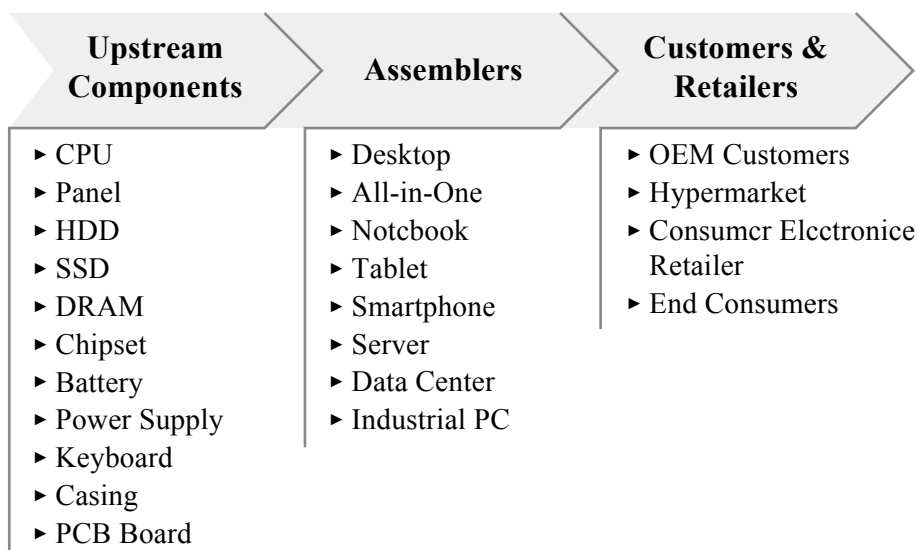
4G. In addition, with the COVID-19 virus outbreaks, China and other countries gradually used city lockdown measures to prevent virus diffusion which promptly slowed down the global economic growth. Now consensus tends to be more conservative on 2020 smartphone demand and expects to see a small decline. Wearable devices, because of the lower base, could continue to grow.

(3) Data Centers and Cloud Services

Different from the relatively mute traditional X86 server market, overall demand for data centers and cloud services is increasing sharply, benefiting from growing mobile devices and cloud services demand in past years. Many internet service providers, like Google and Facebook, started to build up their own standard on data centers and directly purchase from manufacturers. This trend made shipment growth of data center equipment far better than traditional servers. Nevertheless, the better than expected demand in 2018 caused some slowdown in 2019 because internet service providers need some time to set up and digest all of the newly procured equipment capacity for data centers. In addition 2020, demands increases as more people are working from home and applying distance learning due to COVID-19 outbreak.

As the standard and technology of 5G matures, the popularization of smart devices and mobile communications networks continues to accelerate across global markets. Consumers are now accustomed to using social media and live streaming social video services through their smartphones and other smart devices. In addition, 5G networks offer manufacturers the chance to build smart factories and truly take advantage of technologies such as automation, artificial intelligence, and augmented reality for troubleshooting. These 5G networks also realized the advent of telehealth with remote home monitoring systems and remote surgery. With 5G related applications becoming widely utilized, 5G network services require lower latency, larger bandwidth, and massive connection from telecommunications networks. To optimize its performance, 5G services will need to reduce the workload of core networks by relocating partial computing to edge networks through the adoption of edge computing technologies and services. System integration companies will closely cooperate with carriers to make the efficient platforms for 5G total solutions.

B. Correlation of the industry supply chain (as picture shown below)



C. Product Trends and Competition

(1) Product Trends

Following the rapidly increasing amounts of data created by end-users through various kinds of devices, brand names and platform enablers now collect those data for different analytical purposes. Hence, the design of devices (mostly related to different components such as CPU, camera module, and display) is being upgraded for better computing power, allowing for end-user's migration to utilization of AR/VR. Apart from these upgrades, the feature changes are limited. In the future, 5G networks create new demand for server hardware, edge computing and IoT devices. Meanwhile, more IT companies' resources are being dedicated to software applications in areas such as automotive, medical, and education platforms.

For example, the automotive industry benefits from more efficient 5G networks, and new partially autonomous driving services could arrive over the next few years with direct vehicle-to-vehicle and vehicle-to-infrastructure communications. To achieve these new services autonomous cars need more precise calculations based on reliable connectivity. Also, 5G networks can turn cars into a connective device with computing functions, which provides IT companies opportunities to penetrate into the supply chain.

Based on the faster delivery speed, AI image recognition, VR surgery simulator, and more powerful internet connected medical equipments, the 5G-powered technology used in the medical field can upgrade telemedicine capabilities, enabling doctors and patients to meet remotely face-to-face. New 5G-powered technology also allows early warnings of abnormalities, more accurate autonomous operation of robots, and more efficient home care services.

(2) Competition

In addition to business scale, how to enhance operation and management efficiency, lower costs, and optimize product and customer mixes have become the key factors in the industry to maintain sales growth and margin improvement. These factors can be achieved through better product development capabilities, digital transformation, and global manufacturing footprint.

Major PC ODMs in Taiwan

Notebook	Wistron, Quanta, Compal, Inventec, Pegatron
Desktop	Wistron, Hon Hai, Pegatron
Smart Device	Wistron, Quanta, Compal, Inventec, Pegatron, Hon Hai
Server	Wistron, Hon Hai, Inventec, MiTAC, Quanta
Monitor	Wistron, AOC, Qisda, Foxconn

5.1.3 Research and Development

A. Research and Development Expenses in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

	2019	2020 (As of March 31)
R&D Expenses (NT\$ thousands)	16,198,147	-
R&D Expenses to Revenue	1.84%	-

B. The successful development of technologies and products

(1) Intellectual Property

In 2019, Wistron has 121 U.S. and 151 Taiwan patents granted, which ranked the 10th and the 11th highest, respectively, among Taiwanese companies. Additionally, Wistron actively develops global patent strategy, and has obtained over 200 issued patents in various other countries, in 2019. Going forward, Wistron will continue to implement an unified strategic plan for intellectual capital management, aligning with company's strategic considerations and business objectives, to drive the timely creation, management and monetization of intellectual properties.

(2) Technologies and products

Year	R & D results
2019	Enterprise business technology services <ul style="list-style-type: none"> ● Identifying and tracking system for face and voice
	Industrial computers <ul style="list-style-type: none"> ● International explosion-proof (UL C1D2, ATEX, IECEx) and CS (DNV GL/ IACS10) certificated Box PC ● Fanless Box PC capable of operating in wide temperature ranges (-40~70°C)
	Internet of Things <ul style="list-style-type: none"> ● Content creation Notebook PC with hotkeys (physical & virtual) and VPU ● Antenna module for 5G NR system
	Medical devices <ul style="list-style-type: none"> ● Portable real-time PCR system ● Vector human motion recognition(hash-base) system ● Smart angle detector ● In-ear optical vital sign detector ● Automatic engine for liver tumor detection
	Enterprise storage <ul style="list-style-type: none"> ● Conference phone ● High performance liquid-cooling multi-node server ● AI & Deep learning machine
	Professional Display Solution <ul style="list-style-type: none"> ● Outdoor digital signage capable of operating in wide temperature range (-30~50°C) ● New technique of display driving current developed on in-cell solution ● New I/O reduce solution developed on out-cell touch panel

5.1.4 Long-Term and Short-Term Business Development Plans

A. Short-Term Development Plan

Wistron aims to strengthen customer satisfaction, provide the best quality, strengthen current customer relations, and optimize existing customers and product portfolios. The short-term business development indicators will include improving operational efficiency, increasing capacity utilization, and boosting profitability.

B. Long-Term Development Plan

In the long run, the Company will continue to increase the profitable products and services (including hand held mobile products, servers, network storage, internet telephony, industrial computers, rugged mobile computers, and after-sales service, etc.) and accelerate achieving breakeven profitability in our newly invested businesses.

The strategic plans are as follows:

(1) Marketing Strategy

- A. Continue to improve core competency in professional designs and technological services.
- B. Maintain high-quality and high-performance products.
- C. Continue to optimize the global service network for providing a comprehensive range of after-sales services.

(2) Manufacturing Policy

- A. Optimize the global manufacturing system by improving production automation ratio and phasing in digital intelligent manufacturing gradually to enhance efficiency and lower costs.
- B. Continue to promote Six Sigma projects in combination with performance goals to comprehensively enhance quality and efficiency.

(3) Product Development Goals

- A. Cultivate excellent R&D experts and improve their R&D capabilities.
- B. Use existing computer research and manufacturing capabilities to strengthen the research and development of servers, network storage devices, advanced network management systems, and industrial computers. We also will integrate the concept of Internet of Things service into Smart Home trends that provide connectivity, entertainment, home security, voice control, and healthcare functions, thereby introducing new value-added products and technological services featuring innovative functions.
- C. Commit to energy conservation by adopting eco-friendly materials and technologies that comply with green product and related environmental laws.

(4) Operation Scale and Financial Support

- A. Actively integrate and develop production capacity overseas to fulfill business requirements.
- B. Strengthen balance sheet management, control the number of cash turnover days to within a reasonable range, and sustain a healthy financial structure.

5.2 Market, Production and Sales**5.2.1 Market Analysis****A. Sales (Service) Region**

(1) The Major Products and Sales Value in the Most Recent Two Years

Unit: PCS ; NT\$ thousands

Sales Value Major Product	Year		2018				2019			
			Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value		
Computer, Communication & Consumer electronics	691,958	8,118,663	76,911,174	795,186,677	572,603	4,986,486	85,831,656	772,835,611		
Others	37,763	620,864	60,192,095	85,610,143	18,025	323,796	68,847,128	100,109,185		
Total	729,721	8,739,527	137,103,269	880,796,820	590,628	5,310,282	154,678,784	872,944,796		

Note: Company shall prepare consolidated financial reports of 2018 & 2019 in accordance with IFRSs regulation.

(2) The Company significant sales based on exported products. Stated below are the geographic information on the Group's sales presented by destination of sales presented by location.

Unit : %

District	Year	2018	2019
United States		39.13	37.75
Japan		1.80	2.40
HK /China		27.74	28.46
ASEAN		3.13	3.81
Europe		18.00	19.23
Otherss		10.20	8.35
Total		100.00	100.00

Note: Company shall prepare consolidated financial reports of 2018 & 2019 in accordance with IFRSs regulation.

B. Market Share

Taiwan is a major supplier of information technology products as exemplified by these iconic products. According to the MIC (March 2020) and market statistics, Taiwan produced 129,198 K notebook computers, 49,792 K desktop computers and 9,520 K servers in 2019, of which about 13%, 28%, and 23% were produced by our company respectively. These numbers demonstrate our company's considerable competitiveness in the market.

C. Future Market Supply and Demand and Future Growth

(1) Future Market Possible Supply and Demand Scenarios

A. Supply Perspective

The personal computer (PC) market has reached maturity and Taiwan's manufacturers must rely on exceptional cost control, assembly technology and production flexibility while devising strategies, engaging in research and development, and building on marketing and management experience to acquire OEM orders. With complete upstream and downstream integration, Taiwanese manufacturers can supply competitive products and retain an edge in research and development, offering ODM services that differentiate them from foreign OEM manufacturers.

B. Demand Perspective

With the spread of smart devices and mobile networks, the global information technology market has shifted the demand from PCs to smart devices, resulting in a decline in market demand for PCs.

Global PC Shipments Growth Trend

Unit: 1 = 1000 units

Year	2018	2019	2020(e)	2021(f)	2022(f)
Number of NBs	152,251	158,435	155,107	153,246	155,238
Growth Rate	-2.13%	4.06%	-2.10%	-1.20%	1.30%
Number of DTs	107,030	105,180	102,600	100,400	98,500
Growth Rate	-1.33%	-1.73%	-2.45%	-2.14%	-1.89%
Number of PCs (NB + DT)	259,281	263,615	257,707	253,646	253,738
Growth Rate	-1.80%	-1.67%	-2.24%	-1.58%	0.04%

Source: DIGITIMES Research (March 2020) Compound growth rate is around -0.54% from 2018 to 2022.

(2) Future Growth

We continue to expand the ratio of higher profit products (such as servers) and expedite growth and profit in technology service businesses.

Global Server Shipments Growth Trend

Unit: 1 = 1000 units

Year	2018	2019	2020(e)	2021(f)	2022(f)
Number of Servers	12,956	12,202	12,671	13,150	13,478
Growth Rate	13.10%	-5.82%	3.84%	3.78%	2.49%

Source: Gartner (January 2020) Compound growth rate is around 0.99% from 2018 to 2022.

D. Competitive Niches

(1) Fully Staffed and Experienced R&D Team

Each business unit in our company has their own R&D department responsible for the research and development of their products. As of January 2020, our company has a R&D team of over 4,300 people, over 99% of which have a college degree or higher and main team leaders have on average over 25 years of experience in developing products in their field. These conditions are a testament to our R&D's strength in terms of the quality of people and their experience.

(2) Fully Integrated Manufacturing Base

We intend to continue our OEM business while actively venturing into new realms. The company's manufacturing bases are located in Taiwan, China, Mexico and the Czech Republic.

One of our company's key advantages now is receiving purchase orders in Taiwan and through lean manufacturing by decreasing production waste, improving production efficiency, and reducing manufacturing cost to maximize profits.

(3) Solid Clients and a Diversified Portfolio of Products

Our company's business is based mainly on providing professional OEM services supporting clients with world renowned brands, each comprising an equal share of our sales. Our products are also diversified and the company is not affected by shifts in the industry of a single product. The company is also not affected by instability of supply and demand due to clients' shift in product strategy.

(4) Focus on Product Quality

Building on years of experience in design and manufacturing, very comprehensive testing and quality control of our products have earned our clients' trust.

(5) Solid Relationships with Suppliers

No matter to sources of key technologies or suppliers of key components, the company maintains long-term partnerships and total cost considerations with our supply chain to provide comprehensive services and solutions with regards to cost, quality, and delivery.

(6) Global Logistics Management Capability

The company has established manufacturing bases and service centers in Europe, Americas and Asia. Over time, we have established effective global logistics management capabilities in order to fulfill a wide range of demands from clients in different parts of the world. This crucial capability matches future trends in the industry and has become one of the key advantages of our company.

(7) Professional Management Team

Our management teams are all senior professionals with over 20 years of related experience in the industry. The team enjoys a history of collaboration and shares common ideas and a common goal, paving the way for effective leadership to facilitate growth.

E. Advantages and Unfavorable Factors to Long-Term Development and Responding Measures

(1) Advantages

A. Taiwan enjoys an extensive information technology industry with strong overall marketing capabilities.

The domestic IT industry has undergone several phases of transition and matured in the process. The Taiwanese IT industry occupies a solid place in the global marketplace. The industry is proportionally dispersed and well-integrated among individual industries allowing mutual support.

This has led to an increase in the international marketing capability of Taiwan's IT industry, enabling this industry to become a global procurement center for personal computer related products.

B. Taiwan's component industry has matured and enjoys a stable supply of key components.

In recent years, Taiwanese manufacturers have gained dominance in key components such as chip sets, printed circuit boards, and touch modules for motherboards, notebook computers, tablet computers, smart phones and LCD displays. The industry's comprehensive development has helped advance the domestic IT industry and boost Taiwan's IT capabilities.

C. Potent R&D and Technical Innovation Capabilities.

Our company has one of the finest R&D teams in the industry and continues to strive for product development and technical innovation. We cooperate with CPU manufacturers to jointly develop new products, which allow us to market new technologies ahead of competitors. We also maintain R&D departments in all IT product business units, enabling the company to stay ahead of competition in a highly competitive market with short product cycles.

D. Solid After-Sales Service Networks

The Company has established service centers on three continents in Taiwan, China, the Czech Republic, Japan, Hong Kong, Singapore, India, the Philippines, Turkey, Mexico and Brazil, offering real-time and efficient after-sales service.

(2) Unfavorable Factors

A. Intense Competition Lowers Profit

The development of the IT industry has lowered entry barriers and the influx of producers has led to intense competition. Meanwhile, the maturity of computer products, advancement of manufacture technology, over-capacity, and less product feature differentiation have led to profit margins decline.

B. Exchange Rates' Effect on Profits

The company's products are mostly for export and profits are susceptible to changes in exchange rates.

C. Mounting Labor and Land Costs Raise Production Costs

Automated assembly can accommodate the production of most of the company's products but certain components still rely on manual labor. Mounting labor cost has raised operation expenditures in China and the industry's production costs which are detrimental to competition in the global market.

(3) The Company's Response

A. Confront the competition by active product innovation with high value-added products development, and industrial transformation.

B. Maximize production efficiency by strengthening cost and inventory control and increasing automation.

C. Hedge against exchange rate risks by balancing assets and debt in foreign currency to lower net foreign currency position.

D. Finance personnel must be wary of fluctuations in exchange rates and the company's demand for funds by taking appropriate hedging measures.

E. Raise the quality of the products and lower dependence on manual labor by actively investing in automated production equipment.

F. Increase capacity utilization by streamlining design and production instead of merely increasing capacity.

5.2.2 Core Applications of Major Products and Manufacturing Processes :

A. Core Applications of Major Products

Data storage, logic computation, analyses, network communication, data management, computer-assisted design, manufacturing, publication, education, entertainment, electronic purchases, word processing, financial services and finance management.

B. Manufacturing Processes

(1) Printed Circuit Board Assembly (PCBA)

Incoming material inspection → materials preparation → solder paste printing → high speed placement for small surface mount device → Flexible placement for fine pitch/large surface mount device → nitrogen reflow heating and soldering → automatic optical inspection → in-circuit tester inspection → on-line inspection → component insertion → wave soldering in heated tin stove → mending operations → PCB ICT and ATE tests → functional inspection → visual inspection → packaging → inventory → shipping

(2) Final Assembly (FA):

Incoming material inspection → materials preparation → assembly → system function pre-test → run-in test → operation system download → system final function test → visual inspection → packaging → inventory → shipping

5.2.3 Status of Supply of Chief Materials :

Main Materials	Domestic and Foreign Sources	Status of Supply
CPU	United States	CPU overall supply in 2019 was still unsmooth because of Intel manufacturing process upgrade. It caused CPU, major on NB/DT devices, comprehensively supply tight especially to low price with entry level CPU. But it might be recovered in 2020 as long as Intel new generation process yield-rate being raising and field side no quickly boost demand in short period. As about the application of Server, Data Center, and AI, CPU supply still remained relatively stable better than PC devices. There was no instant and clear supply issue seen to this cutting-edge application.
Hard Drives	United States, Japan	Enterprise storage and PC storage market are the two main application fields of SSD and HDD. SSD market share increase in the next few years and dominant in the high-performance storage field. The shipment of HDD gradually reduce. Near-line storage drive will still dominate in the field of high capacity.
DRAM	United States, Japan, Korea	Oversupply in DRAM market for the first half of 2019 and prices also fell significantly on mainstream products. Since the impact of the Japan-Korea trade war in the 2nd half of the year, Japan controlled the export of raw materials (resist/ hydrogen fluoride) to South Korea, resulting in tight supply and rising prices. However, the subsequent supply eased and the price range returned to the level before the price increase.
Power Supply	Taiwan, China	For 2019 overall view, the supply of power supply were stable. However, the situation in 2nd half of the year became a little tight. For high power rating power supply, the delivery lead time of the upstream suppliers was extended (ex: Resistor, MLCC, transformer...,etc.) that caused the delivery lead time of power supplies relatively longer. About 2020 supply status, assumed the overall supply will recover in Q2 if COVID-19 can be controlled well.
PCB	Taiwan, China, Austria, Korea	For overall market demand dropped in the 1st half of 2019, capacity run rate of key computing PCB suppliers down to 80% , which drives cost reduction in Q1/Q2 2019. In the 2nd half of 2019, PCB raw material CCL cost up and supply became tight due to China 5G demand significant increased ,but NB,DT market kept the same which drove PCB vendor keeping cost support under raw material cost pressure .
LCD	Taiwan, China, Japan, Korea	Over supply of LCD for notebook and monitor in 2020. -Q1/Q2: Confront the supply tight as the COVID-19 threat spreads. -Q3/Q4: Will resume volume, but it is difficult to cover the loss for the 1st half of 2020 as overall demand decline. 5G handsets demand is overrated for small size LCD in 2020. -Q1/Q2: Serious disrupted in supply chain and market demand as the COVID-19 threat spreads. -Q3/Q4: The production level will gradually recover in the second quarter, and the supply and demand will pull up if governance announce 5G financial subsidies, yet overall demand expected to decline compared with 2019.

5.2.4 Key Accounts in the Past Two Years

A. Key Suppliers

Item	2018				Relation with Issuer
	Company Name	Amount	Percent		
1	A Company	115,433,456	14.51	None	
2	C Company	87,381,530	10.98	None	
3	B Company	90,013,429	11.31	None	
4	Others	502,812,920	63.20	-	
	Total	795,641,335	100.00	-	

Note : Increase and decrease of the amount was due to business demand.

B. Key Buyers

Item	2018				Relation with Issuer
	Company Name	Amount	Percent		
1	Buyer H	153,688,939	17	-	
2	Buyer G	141,140,593	16	-	
3	Buyer D	117,668,128	13	-	
4	Buyer I	90,858,378	10	-	
5	Others	386,180,309	44	-	
	Total	889,536,347	100	-	

Unit: NT\$ thousands

	2019				2020 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
	A Company	127,957,394	16.48	None	-	-	-	-
	C Company	95,590,142	12.31	None	-	-	-	-
	B Company	65,926,620	8.49	None	-	-	-	-
	Others	486,897,726	62.72	-	-	-	-	-
	Total	776,371,882	100.00	-	-	-	-	-

Unit: NT\$ thousands

	2019				2020 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
	Buyer H	166,314,984	19	-	-	-	-	-
	Buyer G	140,221,187	16	-	-	-	-	-
	Buyer I	93,816,112	11	-	-	-	-	-
	Buyer D	90,628,380	10	-	-	-	-	-
	Others	387,274,415	44	-	-	-	-	-
	Total	878,255,078	100	-	-	-	-	-

5.2.5 Production Value in the Most Recent Two Years

Unit: PCS; NT\$ thousands

Year	2018			2019		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Computer, Communication & Consumer electronics	120,267,523	79,811,817	814,356,866	133,111,976	95,324,685	785,790,862
Others	106,350,100	60,496,713	105,071,163	131,516,189	66,493,693	122,078,031
Total	226,617,623	140,308,530	919,428,029	264,628,165	161,818,378	907,868,893

Note: Company shall prepare consolidated financial reports of 2018 & 2019 in accordance with IFRSs regulation.

5.2.6 The Sales Value in the Most Recent Two Years

Unit: PCS; NT\$ thousands

Year	2018				2019			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Computer, Communication & Consumer electronics	691,958	8,118,663	76,911,174	795,186,677	572,603	4,986,486	85,831,656	772,835,611
Others	37,763	620,864	60,192,095	85,610,143	18,025	323,796	68,847,128	100,109,185
Total	729,721	8,739,527	137,103,269	880,796,820	590,628	5,310,282	154,678,784	872,944,796

Note: Company shall prepare consolidated financial reports of 2018 & 2019 in accordance with IFRSs regulation.

5.3 Taiwan Employee Data during the Past Two Years

Year	2018	2019	As at Mar. 31st, 2020	
Employee Number	Sales	1,268	914	927
	Engineers	4,376	4,599	4,809
	Administration	1,080	1,647	1,446
	Direct Labor	575	1,052	1,638
	Total	7,299	8,212	8,820
Average Age	36.61	36.34	36.09	
Average Seniority	6.39	6.55	6.04	
Distribution of Education	Doctor	42	40	44
	Master	2,954	3,161	3,219
	Bachelor	3,242	3,562	3,679
	Diploma	645	889	1,063
	High School	356	459	755
	High School Below	60	101	60

5.4 Environmental Protection Expenditure

5.4.1 Total Losses and Penalties

The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report: None.

5.4.2 Countermeasures and possible disbursements to be made in the future : None.

5.4.3 Environmental Protection Measures

The Company's current compliance with RoHS directive 2011/65/EU and other environmental protection requirements may be explained through the following aspects:

(1) Product Research and Development

All products developed by Wistron focus on 3 subjects- hazardous free, energy saving, and resources reduction as well as have fully conformed to the European Union's RoHS directive 2011/65/EU , (EU) 2015/863 and WEEE requirements. Furthermore, we are actively paying close attention to other environmental protection trends, such as Green House Gas, Product Carbon Footprint & Water Footprint, Halogen-free, REACH, PAHs, PFOS, Energy Start, ErP and the US EPEAT (Electronic Product Environmental Assessment Tool). Implement the Eco-design from product development; we strive to contribute for the betterment of the global environment.

(2) Production/Manufacturing

All Wistron manufacturing bases of operation have the capacity to produce environmental friendly products; the Material Management System, Manufacturing Process Control, and Lead-free production equipment are all established. Our Taiwan, Philippines, China and Czech operation bases have been certified ISO 14001 and IECQ QC08000 (Hazardous Substance Process Management). To ensure product compliance with relevant requirements through a comprehensive environmental quality management system. We also inventory greenhouse gas emission from production and verified by 3rd party for ISO 14064 as well as refer to the methodology of Science based target (SBT) to setup a medium and long term reduction goals. Moreover, the electricity consumption is the major contribution of greenhouse gases emission. To reduce the power consumption can reduce the greenhouse gases emission; therefore, Wistron improved the energy efficiency for major equipment and use the energy saving equipment to reduce the greenhouse gases emission and energy usage cost. We are also planning to use renewable energy in production and have established solar power generation in our Zhongshan and Kunshan site in 2017. The goal is to increase the percentage of using the renewable energy over 20% in W.W. manufacturing sites by 2020. In order to analysis the efficiency of energy utilization and find out the opportunity of energy saving as well as providing framework of sustaining performance improvement of energy efficiency, Wistron started to implement the ISO 50001 energy management system in Taiwan and Zhongshan Plant since 2014. Our long-term goal is to reduce 8% of electricity usage per revenue by 2020, compared to 2016.

(3) Quality Control

Wistron has established hazardous substance analysis laboratories in Taiwan, China, Czech, and Mexico to complete the overall arrangement of a global hazardous substance testing network. The testing capability include the RoHS ten restricted substances and the other substances e.g. Bromine, Chlorine, Arsine and Antimony, etc. We implemented the regular sampling test mechanism to ensure that components and products don't contain the hazardous substances. In addition, there are several automation projects implemented to improve the operating efficiency of laboratories.

(4) Supply Chain Management

Wistron conducts regular audit and checks on suppliers to ensure that materials and components comply with environmental protection requirements; we change unqualified suppliers as well as hold annual vendor conference to introduce green product trend and Wistron's environmental requirements to reinforce suppliers' awareness on environmental protection. Our philosophy is to implement source management programs to minimize risks. To improve global warming is important issue to environment, Wistron has required suppliers to provide the data of greenhouse gases emission and encourage supplier to reduce the emission since every year. Furthermore, Wistron start to inventory the scope 3 of greenhouse gases emission for Taiwan office and factory since 2015. Collect the emission which is generated by employee travelling and transportation for product and materials. There are more manufacturing sites located in China were included in the inventory scope in 2016 .

(5) Personnel

Wistron has established a dedicated material analysis laboratories and green component engineering department, in charge of hazardous substance analysis and component qualification through chemical analysis. Furthermore, continuously monitor green product trend as well as provide proposal and solution. In addition, the reinforcement of employees' environmental protection knowledge and skills through actual training courses and e-learning ensures the employees in the Company shall perform relevant environmental protection tasks well.

(6) Information System

Wistron has established a Green Product Management GPM system ; suppliers may directly upload related environmental protection information into Wistron's GPM database through the internet so as to simplify procedures, minimize human error, and enhance task efficiency. The flexibility of the interface allows it to cope with future environmental protection requirements. Moreover, GPM could generate customized format report to declare the green product information to customers. We have implemented the GPM2.0 to enhance the system function and efficiency in 2014. We have implemented a new function to directly link the database of testing report from the 3rd party labs to reduce the human effort and error as well as improve the operations in 2019. In order to efficiently address the increased requirement of controlled hazardous substances, e.g. REACH-SVHC, Wistron has developed and implemented the Full Material Disclosure (FMD) information system to know well the composition of materials used in the products. Therefore, we can quickly verify whether the hazardous substances be used

in product as well as reduce the operation cost due to the repeated investigation. In addition, Wistron has developed a product Carbon Footprint Management (CFM) system to inventory the total emission of carbon dioxide for whole product lifecycle as well as passed the verification by 3rd party.

5.5 Labor Relations

5.5.1 Detailed descriptions of employee benefits, training and development, retirement plan and each of the implementations, as well as the labor management agreement and employee rights preservation policies are listed in the following

A. Employee benefits

Wistron always cares and values employees by implementing a series of programs in accordance with the law to help employees develop a higher quality of working life, which, in turn, enhances productivity. These programs include allocating welfare funds, establishing an employee welfare committee, and electing employee committee members to plan for annual benefit activities. In addition, Wistron also provides employees free commuting transportation, Employee Assistance Programs (EAPs), family party, fitness center, group insurance plans.

B. Training and development

In year 2019, total number of internal training hours provided to employees is 4,334,771 hours, with an average training hours of 53.9 hr/ person. There are seven training systems including new employee orientation training, professional skills training, management training, quality training and CSR training. According to each requirements to use different modes and achieve better learning results. With these systems, we can cultivate talent toward to systematic and help out employees plan their career paths.

In response to the trend of Industry 4.0, the annual training development focuses on the cultivation of digital talents to support the company's digital transformation strategy, enhance the staff's digital capabilities, and further shape the organization's digital culture. The key plans include the establishment of the "DnA Academy" and import the "Digitalized Professional Competency Project" and digital leaning tools.

C. Retirement plan

To develop a stable retirement plan for the employees and therefore enhance employees' engagement to the Company, Wistron establishes rules for the employee retirement plan in accordance with the Labor Standard Law and Labor Pension Act. Wistron contributes six percent of applicable employee's monthly wage to the labor pension per month according to Labor Pension Act. Besides, Wistron establishes Supervisory Committee of Workers' Retirement Fund to allocate employee retirement reserve fund each month in accordance with "Rules for the Allocation and Management of the Workers' Retirement Fund" and deposits the fund into the dedicated account in the name of Supervisory Committee in the legally established banks.

D. Labor Relations

Wistron always values communication with the employees, and endeavors to achieve labor management harmony. Wistron has never been subjected to any loss due to labor management dispute, and expects no such kind of loss in the future.

5.5.2 At the time of printing this publication, loss incurred by labor dispute and the amounts of anticipated losses and countermeasures : None.

5.6 Important contracts

Contract Type	Contracting Party	Term of Agreement	Main contents	Restrictive clauses
Purchase Agreement	Foreign and Domestic Companies	Valid	Purchase of computer products and components	None
Maintenance Agreement	Foreign and Domestic Companies	Valid	Maintenance for the hardware and software	None
License Agreement	Foreign and Domestic Companies	Valid	License of certain software and patents	None
Product Development And Supply Agreement	Foreign and Domestic Customers	Valid	The customers will purchase computer products developed and manufactured by Wistron	None

6. Financial Standing

6.1 Most Recent 5-Year Concise Financial Information

6.1.1 Most Recent 5-Year Concise Consolidated Balance Sheet and Consolidated Statement of Comprehensive income

Concise Consolidated Balance Sheet

Unit : NT\$ thousands

Item	Period	Most recent 5-Year Financial Information(Note1)					2020 (As of March 31)
		2015	2016	2017	2018	2019	
Current assets		232,090,337	225,656,731	270,205,662	275,427,144	278,747,752	-
Net property, plant and equipment		37,676,747	36,448,176	36,653,350	42,868,387	40,673,093	-
Intangible assets		2,016,785	1,247,465	1,057,624	1,077,197	957,532	-
Other assets		18,601,175	19,403,186	18,736,746	19,729,847	23,797,958	-
Total assets		290,385,044	282,755,558	326,653,382	339,102,575	344,176,335	-
Current Liabilities	Before Distribution	199,844,353	197,453,207	254,191,674	239,878,889	238,928,971	-
	After Distribution	202,749,697	200,495,376	257,399,873	244,105,529	(Note2)	-
Non-current liabilities		21,323,478	17,333,902	6,040,646	25,692,104	21,346,290	-
Total Liabilities	Before Distribution	221,167,831	214,787,109	260,232,320	265,570,993	260,275,261	-
	After Distribution	224,073,175	217,829,278	263,440,519	269,797,633	(Note2)	-
Equity attributable to owners of the Company		68,715,506	67,245,050	65,126,374	68,945,197	73,950,584	-
Common stock		25,554,824	26,503,165	27,486,880	28,421,220	28,406,121	-
Capital surplus		20,707,328	21,353,585	22,076,225	22,863,619	24,681,872	-
Retained Earnings	Before Distribution	22,162,377	21,344,172	21,326,529	22,321,828	24,398,715	-
	After Distribution	18,530,697	17,541,461	17,316,280	18,095,188	(Note2)	-
Other equity		3,012,160	636,406	(4,010,255)	(4,128,234)	(3,536,124)	-
Treasury stock		(2,721,183)	(2,592,278)	(1,753,005)	(533,236)	-	-
Non-controlling interests		501,707	723,399	1,294,688	4,586,385	9,950,490	-
Stockholders' Equity	Before Distribution	69,217,213	67,968,449	66,421,062	73,531,582	83,901,074	-
	After Distribution	66,311,869	64,926,280	63,212,863	69,304,942	(Note2)	-

Note1: The above financial information audited by CPA.

Note2: Pending shareholders' approval.

Concise Consolidated Statement of Comprehensive income

Unit : NT\$ thousands

Item	Period	Most Recent 5-Year Financial Information(Note1)					2020(As of March 31)
		2015	2016	2017	2018	2019	
Operating revenue		623,273,988	659,908,231	836,081,023	889,536,347	878,255,078	-
Gross profit		29,416,236	31,644,517	31,639,403	37,559,256	42,158,550	-
Operating income		2,389,705	6,012,070	5,913,811	10,766,016	13,299,845	-
Non-operating income and expenses		(19,340)	(1,254,970)	244,600	(1,107,178)	(523,779)	-
Profit before tax		2,370,365	4,757,100	6,158,411	9,658,838	12,776,066	-
Net income for continuing operations		1,270,895	2,993,004	4,361,491	7,285,189	9,726,243	-
Income from discontinued operations, net of income tax effect		-	-	-	-	-	-
Net income		1,270,895	2,993,004	4,361,491	7,285,189	9,726,243	-
Other comprehensive income for the year, net of tax		2,601,852	(2,430,986)	(4,821,073)	518,936	253,372	-
Total comprehensive income for the year		3,872,747	562,018	(459,582)	7,804,125	9,979,615	-
Profit attributable to owners of the Company		1,334,094	2,961,101	3,885,516	4,908,472	6,800,768	-
Profit attributable to non-controlling interests		(63,199)	31,903	475,975	2,376,717	2,925,475	-
Total comprehensive income attributable to owners of the Company		3,933,920	531,776	(932,172)	5,350,283	7,111,916	-
Total comprehensive income attributable to non-controlling interests		(61,173)	30,242	472,590	2,453,842	2,867,699	-
EPS		0.53	1.16	1.44	1.76	2.40	-

Note1: The above financial information audited by CPA.

6.1.2 Most Recent 5-Year Concise Balance Sheet and Statement of Comprehensive income

Concise Balance Sheet

Unit : NT\$ thousands

Item	Period	Most recent 5-Year Financial Information(Note1)					2019(As of March 31)
		2015	2016	2017	2018	2019	
Current assets		199,767,923	240,235,239	307,517,887	272,726,574	248,501,869	-
Net property, plant and equipment		5,769,852	5,528,953	4,821,377	4,747,740	5,039,467	-
Intangible assets		1,220,953	1,058,875	897,455	941,498	770,210	-
Other assets		79,019,286	76,615,086	73,254,431	85,934,997	92,740,696	-
Total assets		285,778,014	323,438,153	386,491,150	364,350,809	347,052,242	-
Current Liabilities	Before Distribution	196,060,111	238,995,932	315,525,888	275,431,812	252,691,831	-
	After Distribution	198,965,455	242,038,101	318,734,087	279,658,452	(Note2)	-
Non-current liabilities		21,002,397	17,197,171	5,838,888	19,973,800	20,409,827	-
Total Liabilities	Before Distribution	217,062,508	256,193,103	321,364,776	295,405,612	273,101,658	-
	After Distribution	219,967,852	259,235,272	324,572,975	299,632,252	(Note2)	-
Common stock		25,554,824	26,503,165	27,486,880	28,421,220	28,406,121	-
Capital surplus		20,707,328	21,353,585	22,076,225	22,863,619	24,681,872	-
Retained Earnings	Before Distribution	22,162,377	21,344,172	21,326,529	22,321,828	24,398,715	-
	After Distribution	18,530,697	17,541,461	17,316,280	18,095,188	(Note2)	-
Other equity		3,012,160	636,406	(4,010,255)	(4,128,234)	(3,536,124)	-
Treasury stock		(2,721,183)	(2,592,278)	(1,753,005)	(533,236)	-	-
Stockholders' Equity	Before Distribution	68,715,506	67,245,050	65,126,374	68,945,197	73,950,584	-
	After Distribution	65,810,162	64,202,881	61,918,175	64,718,557	(Note2)	-

Note1: The above financial information audited by CPA.

Note2: Pending shareholders' approval.

Concise Statement of Comprehensive income

Unit : NT\$ thousands

Item	Period	Most Recent 5-Year Financial Information(Note1)					2020(As of March 31)
		2015	2016	2017	2018	2019	
Operating revenue		585,799,180	613,214,569	765,438,943	750,900,387	735,742,458	-
Gross profit		20,848,113	23,996,804	19,835,867	15,923,674	20,346,611	-
Operating income		1,803,792	6,344,428	3,397,264	(261,813)	2,390,152	-
Non-operating income and expenses		156,945	(2,897,966)	586,534	4,183,144	4,133,229	-
Profit before tax		1,960,737	3,446,462	3,983,798	3,921,331	6,523,381	-
Net income for continuing operations		1,334,094	2,961,101	3,885,516	4,908,472	6,800,768	-
Income from discontinued operations, net of income tax effect		-	-	-	-	-	-
Net income		1,334,094	2,961,101	3,885,516	4,908,472	6,800,768	-
Other comprehensive income for the year, net of tax		2,599,826	(2,429,325)	(4,817,688)	441,811	311,148	-
Total comprehensive income for the year		3,933,920	531,776	(932,172)	5,350,283	7,111,916	-
EPS		0.53	1.16	1.44	1.76	2.40	-

Note1: The above financial information audited by CPA.

6.1.3 CPAs and Their Opinions for Most Recent 5-Year

Year	Name of CPA	Auditor's Opinion
2015	Ya-Ling, Chen, Chia-Hsin, Chang	Unqualified opinion
2016	Ya-Ling, Chen, Li- Li, Lu	Unqualified opinion
2017	Li- Li, Lu, Chia-Hsin, Chang	Unqualified opinion
2018	Li- Li, Lu, Chia-Hsin, Chang	Unqualified opinion
2019	Ya-Ling, Chen, Tang, Chia-Chien	Unqualified opinion

6.2 Most Recent 5-Year Financial Analysis

6.2.1 Financial Analysis-For Consolidated Report

Item	Period(Note1)	Most recent 5-Year Financial Information					2020(As of March 31)
		2015	2016	2017	2018	2019	
Financial ratio (%)	Total liabilities to total assets	76.16	75.96	79.67	78.32	75.62	-
	Long-term debts to Net property, plant and equipment	240.31	234.04	197.69	231.46	258.76	-
Ability to payoff debt (%)	Current ratio	116.14	114.28	106.30	114.82	116.67	-
	Quick Ratio	81.13	80.06	69.13	75.88	79.61	-
	Interest protection	2.27	3.40	3.23	3.03	3.66	-
Ability to operate	A/R turnover (times)	6.50	7.28	9.07	8.35	7.02	-
	A/R turnover days	56.19	50.13	40.24	43.71	51.99	-
	Inventory turnover (times)	8.40	9.46	10.22	9.37	9.55	-
	Account payable turnover (times)	5.57	5.57	6.25	6.25	6.02	-
	Days sales outstanding	43.45	38.58	35.71	38.95	38.21	-
	Fixed assets turnover (times)	16.20	17.81	22.87	22.37	21.03	-
	Total assets turnover (times)	2.11	2.30	2.74	2.67	2.57	-
Earning ability	Return on assets (%)	0.90	1.56	2.11	3.26	3.90	-
	Return on Equity Attributable to Shareholders of the Parent (%)	1.93	4.36	5.87	7.32	9.52	-
	PBT to pay-in capital (%)	9.28	17.95	22.40	33.98	44.98	-
	Net income ratio (%)	0.20	0.45	0.52	0.82	1.11	-
	EPS(NTD)	0.53	1.16	1.44	1.76	2.40	-
Cash flow (%)	Cash flow ratio	7.88	22.97	(Note 2)	1.73	7.78	-
	Cash flow adequacy ratio	43.58	95.57	50.22	44.73	88.37	-
	Cash reinvestment ratio	10.18	34.80	(Note 2)	0.66	9.29	-
Leverage	Operating leverage	7.75	3.79	3.97	2.63	2.47	-
	Financial leverage	4.53	1.49	1.87	1.79	1.57	-

The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis less than 20%):

Interest protection: The increase is mainly caused by the increase of net income before income tax and interest expense.

Return on Equity Attributable to Shareholders of the Parent: The increase is mainly caused by net income attributable to shareholders of the parent.

PBT to pay-in capital: The increase is mainly caused by the increase of profit before tax.

Net income ratio: The increase is mainly caused by the increase of net income .

EPS: The increase is mainly caused by the increase of net income

Cash flow ratio: The increase is mainly caused by the increase of cash flow from operating activities.

Cash flow adequacy ratio: The increase is mainly caused by the increase of most recent 5-year cash flow from operating activities.

Cash investment ratio: The increase is mainly caused by the increase of cash flow from operating activities.

Note 1: The above financial information audited by CPA.

Note 2: The analysis of negative cash flow from operating activities is meaningless.

1. Financial Ratio

- (1) Total liabilities to Total assets = Total liabilities / Total assets
- (2) Long-term fund to property, plant and equipment = (Net equity + Non-current liabilities) / Net property, plant and equipment

2. Ability to Pay off Debt

- (1) Current ratio = Current Assets / Current liability
- (2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liability
- (3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate

- (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance
- (2) A/R turnover day = 365 / account receivable turnover
- (3) Inventory turnover = Cost of Goods Sold / the average of inventory
- (4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance
- (5) Inventory turnover day = 365 / Inventory turnover
- (6) Fixed assets turnover = Net sales / Net Fixed Assets
- (7) Total assets turnover = Net sales / Total assets

4. Earning Ability

- (1) Return on assets = [PAT + Interest expense × (1 – effective tax rate)] / the average of total assets
- (2) Return on Equity Attributable to Shareholders of the Parent = Net Income Attributable to Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent
- (3) Net income ratio = PAT / Net sales
- (4) EPS = (Profit attributable to owners of the Company – Dividend from prefer stock) / weighted average outstanding shares

5. Cash Flow

- (1) Cash flow ratio = Cash flow from operating activities / Current liability
- (2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)
- (3) Cash investment ratio = (Cash flow from operating activities – cash dividend) / (Gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

- (1) Operating leverage = (Net revenue – variable cost of goods sold and operating expense) / operating income
- (2) Financial leverage = Operating income / (Operating income – interest expenses)

6.2.2 Financial Analysis-For Parent-company-only

Item	Period(Note1)	Most recent 5-Year Financial Information					2020(As of March 31)
		2015	2016	2017	2018	2019	
Financial ratio (%)	Total liabilities to total assets	75.95	79.21	83.15	81.08	78.69	-
	Long-term debts to Net property, plant and equipment	1554.94	1527.27	1471.89	1872.87	1872.43	-
Ability to payoff debt (%)	Current ratio	101.89	100.52	97.46	99.02	98.34	-
	Quick Ratio	96.83	95.76	91.78	94.29	91.55	-
	Interest protection	2.68	4.07	3.37	2.29	3.19	-
Ability to operate	A/R turnover (times)	4.05	3.65	3.59	3.15	3.25	-
	A/R turnover days	90.15	100.02	101.61	115.97	112.42	-
	Inventory turnover (times)	55.84	59.32	53.24	49.73	49.66	-
	Account payable turnover (times)	5.03	3.47	3.40	3.30	3.48	-
	Days sales outstanding	6.54	6.15	6.86	7.34	7.35	-
	Fixed assets turnover (times)	97.45	108.55	147.91	156.94	150.35	-
	Total assets turnover (times)	2.21	2.01	2.16	2.00	2.07	-
Earning ability	Return on assets (%)	0.87	1.28	1.49	1.96	2.58	-
	Return on equity (%)	1.93	4.36	5.87	7.32	9.52	-
	PBT to pay-in capital (%)	7.67	13.00	14.49	13.80	22.96	-
	Net income ratio (%)	0.23	0.48	0.51	0.65	0.92	-
	EPS(NTD)	0.53	1.16	1.44	1.76	2.40	-
Cash flow (%)	Cash flow ratio	18.02	19.90	(Note2)	0.37	0.91	-
	Cash flow adequacy ratio	112.27	309.52	160.99	151.32	167.25	-
	Cash reinvestment ratio	30.64	45.35	(Note2)	(Note2)	(Note2)	-
Leverage	Operating leverage	9.00	3.21	5.08	(Note2)	7.25	-
	Financial leverage	2.84	1.22	1.98	(Note3)	(Note2)	-

The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis less than 20%):
Interest protection: The increase is mainly caused by the increase of net income before income tax and interest expense.
Return on assets: The increase is mainly caused by the increase of net income.
Return on equity: The increase is mainly caused by the increase of net income .
PBT to pay-in capital: The increase is mainly caused by the increase of profit before tax.
Net income ratio: The increase is mainly caused by the increase of net income .
EPS: The increase is mainly caused by the increase of net income

Note 1: The above financial information audited by CPA.

Note 2: The negative ratio lacks significance of analysis .

Note 3: The operating income is loss and hence not being calculated.

1. Financial Ratio

- (1) Total liabilities to Total assets = Total liabilities / Total assets
- (2) Long-term fund to property, plant and equipment = (Net equity + Non-current liabilities) / Net property, plant and equipment

2. Ability to Pay off Debt

- (1) Current ratio = Current Assets / Current liability
- (2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liability
- (3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate

- (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance
- (2) A/R turnover day = 365 / account receivable turnover
- (3) Inventory turnover = Cost of Goods Sold / the average of inventory
- (4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance
- (5) Inventory turnover day = 365 / Inventory turnover
- (6) Fixed assets turnover = Net sales / Net Fixed Assets
- (7) Total assets turnover = Net sales / Total assets

4. Earning Ability

- (1) Return on assets = [PAT + Interest expense × (1 – effective tax rate)] / the average of total assets
- (2) Return on equity = PAT / the average of net equity
- (3) Net income ratio = PAT / Net sales
- (4) EPS = (PAT – Dividend from prefer stock) / weighted average outstanding shares

5. Cash Flow

- (1) Cash flow ratio = Cash flow from operating activities / Current liability
- (2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)
- (3) Cash investment ratio = (Cash flow from operating activities – cash dividend) / (Gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

- (1) Operating leverage = (Net revenue – variable cost of goods sold and operating expense) / operating income
- (2) Financial leverage = Operating income / (Operating income – interest expenses)

6.3 Audit Committee's Review Report

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

Wistron Corporation

Convener of the Audit Committee :



March 24, 2020

6.4 Financial statements of the latest year

Representation Letter

The entities that are required to be included in the combined financial statements of Wistron Corporation as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wistron Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Wistron Corporation
Chairman: Simon Lin
Date: March 24, 2020.





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Independent Auditors' Report

To the Board of Directors of Wistron Corporation:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1. Trade receivables valuation

Please refer to Note 4(g) “Financial Instruments” for accounting policy, Note 5(a) for accounting assumption, judgments and estimation uncertainty of trade receivables and Note 6(d) for the disclosure of the valuation of trade receivables to the consolidated financial statements.



Description of key audit matter

Trade receivable valuation is one of the key judgmental areas for our audit, particularly in respect of the great influence of given the challenging industry climate, significant judgment being applied in the management's assessment of recoverability of trade receivables.

How the matter was addressed in our audit

Our principal audit procedures included reviewing if the evaluation of trade receivables is accordance with the Group's accounting policy and recognizes loss allowances for expected credit losses; examining the records of customers' credit evaluation, and also historical data from the group's previous collection experience; assessing the collection of accounts receivables subsequently. We also considered the adequacy of the group's disclosures in this area.

2. Inventory valuation

Please refer to Note 4(h) "Inventory" for accounting policy, Note 5(b) for accounting assumption, judgments and estimation uncertainty of inventory and Note 6(f) for the disclosure of the valuation of inventory to the consolidated financial statements.

Description of key audit matter

Inventories are stated at the lower of cost or realizable value. The rapid development of technology and the advance of new electronic products can have a significant impact on market demand, which may lead to product obsolescence that will affect the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as another key audit matter.

How the matter was addressed in our audit

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

Other Matter

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

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

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

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



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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 Chia-Chien Tang.

KPMG

A large, handwritten signature of the KPMG firm, written in black ink.

Taipei, Taiwan (Republic of China)
March 24, 2020.

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Equity				
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (note 6(e))	\$ 47,411,947	14	43,529,023	13	2100 Short-term loans (notes 6(m)(aa) and 8)	\$ 57,377,794	16	61,012,704	18
1110 Current financial assets at fair value through profit or loss (note 6(b))	59,430	-	67,755	-	2120 Current financial liabilities at fair value through profit or loss (note 6(b))	75,225	-	74,336	-
1170 Notes and trade receivables, net (notes 6(d)(u))	13,140,830	38	118,293,955	35	2130 Current contract liabilities (note 6(o))	2,429,134	1	1,601,713	-
1180 Trade receivable - related parties (notes 6(d)(o) and 7)	479,432	-	58,988	-	2140 Notes and trade payables	137,536,000	40	138,389,226	41
1210 Other receivables - related parties (notes 6(e) and 7)	4,455	-	2,845	-	2150 Trade payables - related parties (note 7)	909,293	-	1,078,008	-
1220 Current tax assets	565,117	-	1,111,267	-	2160 Other payables - related parties (note 7)	26,113	-	36,290	-
130X Inventories (note 6(f))	85,570,281	25	89,614,023	26	2170 Current lease liabilities (notes 6(n)(aa) and 7)	644,586	-	-	-
1470 Other current assets (notes 6(c)(l))	13,251,260	4	22,749,288	7	2180 Current portion of long-term loans (notes 6(m)(aa))	2,407,177	1	-	-
Total current assets	<u>278,747,752</u>	<u>81</u>	<u>275,427,144</u>	<u>81</u>	2190 Current refund liability (note 6(u))	6,177,579	2	4,917,958	1
Non-current assets:					2200 Other current liabilities	31,346,070	9	32,768,654	10
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	220,256	-	438,871	-	Total current liabilities	<u>238,928,971</u>	<u>69</u>	<u>239,878,889</u>	<u>70</u>
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	5,555,156	2	3,219,465	1	Non-current liabilities:	15,752,275	5	20,234,382	6
1550 Equity - accounted investees (note 6(g))	6,727,285	2	6,514,305	2	2300 Long-term loans (notes 6(m)(aa))	2,591,022	1	3,209,855	1
1600 Property, plant and equipment (notes 6(i) and 7)	40,673,093	12	42,868,387	13	2310 Deferred tax liabilities (note 6(q))	923,848	-	-	-
1755 Right-of-use assets (notes 6(j) and 7)	4,016,639	1	-	-	2320 Non-current lease liabilities (notes 6(o)(aa) and 7)	2,079,145	1	2,247,867	1
1780 Intangible assets (note 6(k))	957,532	-	1,077,197	-	2330 Other non-current liabilities (notes 6(p)(aa))	21,346,290	7	25,692,104	8
1840 Deferred tax assets (note 6(q))	5,820,351	2	5,776,897	2	Total non-current liabilities	<u>260,275,261</u>	<u>76</u>	<u>265,570,993</u>	<u>78</u>
1900 Other non-current assets (notes 6(l)(p) and 8)	1,458,271	-	3,780,309	1	Total liabilities	28,406,121	8	28,421,220	8
Total non-current assets	<u>65,428,583</u>	<u>19</u>	<u>63,675,431</u>	<u>19</u>	Equity attributable to owners of parent (notes 6(e)(r)):	24,681,872	7	22,863,619	7
					Ordinary shares	24,398,715	7	22,321,828	7
					Capital surplus	(3,536,124)	(1)	(4,128,234)	(1)
					Retained earnings	-	-	(533,236)	-
					Other equity	73,950,584	21	68,945,197	21
					Treasury shares	9,950,490	3	4,586,385	1
					Total equity attributable to owners of parent	<u>83,901,074</u>	<u>24</u>	<u>73,531,582</u>	<u>22</u>
					Non-controlling interests (notes 6(b)(r)(s))	-	-	-	-
					Total equity	<u>344,176,335</u>	<u>100</u>	<u>339,102,575</u>	<u>100</u>
Total assets	<u>\$ 344,176,335</u>	<u>100</u>	<u>\$ 339,102,575</u>	<u>100</u>	Total liabilities and equity	<u>\$ 344,176,335</u>	<u>100</u>	<u>\$ 339,102,575</u>	<u>100</u>

See accompanying notes to financial statements.

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

	2019		2018	
	Amount	%	Amount	%
4000 Net revenues (notes 6(u) and 7)	\$ 878,255,078	100	889,536,347	100
5000 Cost of sales (notes 6(f)(i)(j)(n)(o)(p)(s)(w), 7 and 12)	<u>836,096,528</u>	<u>95</u>	<u>851,977,091</u>	<u>96</u>
5900 Gross profit	<u>42,158,550</u>	<u>5</u>	<u>37,559,256</u>	<u>4</u>
Operating expenses (notes 6(d)(e)(i)(j)(k)(n)(o)(p)(s)(w), 7 and 12):				
6100 Selling	9,243,449	1	9,226,027	1
6200 Administrative	3,417,109	1	3,163,616	-
6300 Research and development	<u>16,198,147</u>	<u>2</u>	<u>14,403,597</u>	<u>2</u>
Total operating expenses	<u>28,858,705</u>	<u>4</u>	<u>26,793,240</u>	<u>3</u>
Operating income	<u>13,299,845</u>	<u>1</u>	<u>10,766,016</u>	<u>1</u>
Non-operating income and expenses (notes 6(g)(n)(o)(v)(x) and 7):				
7010 Other income	2,588,732	-	1,342,857	-
7020 Other gains and losses	1,358,737	-	1,888,282	-
7050 Finance costs	(4,810,821)	-	(4,747,543)	-
7060 Recognized share of associates and joint ventures accounted for equity method	<u>339,573</u>	<u>-</u>	<u>409,226</u>	<u>-</u>
Total non-operating income and expenses	<u>(523,779)</u>	<u>-</u>	<u>(1,107,178)</u>	<u>-</u>
7900 Profit before tax	12,776,066	1	9,658,838	1
7950 Less: Income tax expenses (note 6(q))	<u>3,049,823</u>	<u>-</u>	<u>2,373,649</u>	<u>-</u>
8200 Net profit	<u>9,726,243</u>	<u>1</u>	<u>7,285,189</u>	<u>1</u>
8300 Other comprehensive income (notes 6(g)(p)(q)(r)(x))				
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
8311 Losses on remeasurements of defined benefit plans	(110,406)	-	(157,918)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,995,704	-	(855,713)	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(3,516)	-	(3,361)	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(34,799)</u>	<u>-</u>	<u>(32,278)</u>	<u>-</u>
	<u>1,916,581</u>	<u>-</u>	<u>(984,714)</u>	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
8361 Exchange differences on translation of foreign financial statements	(1,665,881)	-	1,543,718	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,586	-	(40,048)	-
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(86)</u>	<u>-</u>	<u>20</u>	<u>-</u>
	<u>(1,663,209)</u>	<u>-</u>	<u>1,503,650</u>	<u>-</u>
Total other comprehensive income, net of tax	<u>253,372</u>	<u>-</u>	<u>518,936</u>	<u>-</u>
8500 Total comprehensive income	<u>\$ 9,979,615</u>	<u>1</u>	<u>7,804,125</u>	<u>1</u>
Net profit attributable to (notes 6(h)(r)):				
8610 Owners of parent	\$ 6,800,768	1	4,908,472	1
8620 Non-controlling interests	<u>2,925,475</u>	<u>-</u>	<u>2,376,717</u>	<u>-</u>
	<u>\$ 9,726,243</u>	<u>1</u>	<u>7,285,189</u>	<u>1</u>
Comprehensive income attributable to (notes 6(h)(r)):				
8710 Owners of parent	\$ 7,111,916	1	5,350,283	1
8720 Non-controlling interests	<u>2,867,699</u>	<u>-</u>	<u>2,453,842</u>	<u>-</u>
	<u>\$ 9,979,615</u>	<u>1</u>	<u>7,804,125</u>	<u>1</u>
Earnings per share (in dollars) (note 6(t))				
9750 Basic earnings per share	<u>\$ 2.40</u>		<u>1.76</u>	
9850 Diluted earnings per share	<u>\$ 2.36</u>		<u>1.73</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Total equity attributable to owners of parent
	Retained earnings					Other equity					
Share capital	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	Total equity attributable to owners of parent
Balance at January 1, 2018	\$ 27,486,880	22,076,225	7,591,125	-	13,735,404	21,326,529	(2,740,965)	-	(1,269,290)	(1,753,005)	65,126,374
Effects of retrospective application	-	-	-	-	641,117	641,117	-	(2,069,890)	1,269,290	(800,600)	(159,483)
Balance at January 1, 2018 after adjustments	27,486,880	22,076,225	7,591,125	-	14,376,521	21,967,646	(2,740,965)	(2,069,890)	-	(1,753,005)	64,966,891
Net profit	-	-	-	-	4,908,472	4,908,472	-	-	-	-	1,294,688
Other comprehensive income	-	-	-	-	(118,683)	(118,683)	-	(887,879)	-	-	2,376,717
Total comprehensive income	-	-	-	-	4,789,789	4,789,789	1,448,373	(887,879)	-	-	7,285,189
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	1,448,373	(887,879)	-	-	77,125
Legal reserve	-	-	388,552	-	(388,552)	-	-	-	-	-	2,453,842
Special reserve	-	-	-	4,010,255	(4,010,255)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,208,199)	(3,208,199)	-	-	-	-	(3,208,199)
Stock dividends	802,050	-	-	-	(802,050)	(802,050)	-	-	-	-	-
New shares issued through employees' compensation	301,402	409,906	-	-	-	-	-	-	-	-	711,308
Changes in equity of associates and joint ventures accounted for using equity method	-	359,615	-	-	379	379	-	-	-	-	359,994
Treasury shares retired	(169,112)	(7,186)	-	-	(73,591)	(73,591)	-	-	-	371,819	-
Treasury shares transferred to employees	-	(7,186)	-	-	(79,317)	(79,317)	-	-	-	847,950	761,447
Changes in ownership interests in subsidiaries	-	154,175	-	-	(150,702)	(150,702)	-	-	-	-	3,473
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(122,127)	(122,127)	-	122,127	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	837,855
Balance at December 31, 2018	28,421,220	22,863,619	7,979,677	4,010,255	10,331,896	22,321,828	(1,292,592)	(2,835,642)	-	(533,236)	68,945,197
Effects of retrospective application	-	-	-	-	(54,346)	(54,346)	-	-	-	-	(54,346)
Balance at January 1, 2019 after adjustments	28,421,220	22,863,619	7,979,677	4,010,255	10,277,550	22,267,482	(1,292,592)	(2,835,642)	-	(533,236)	68,890,851
Net profit	-	-	-	-	6,800,768	6,800,768	-	-	-	-	6,800,768
Other comprehensive income	-	-	-	-	(92,207)	(92,207)	(1,659,589)	2,062,944	-	-	311,148
Total comprehensive income	-	-	-	-	6,708,561	6,708,561	(1,659,589)	2,062,944	-	-	7,111,916
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-	-	-	-	2,867,699
Legal reserve	-	-	490,847	-	(490,847)	-	-	-	-	-	-
Special reserve	-	-	-	117,979	(117,979)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,226,640)	(4,226,640)	-	-	-	-	(4,226,640)
Changes in equity of associates and joint ventures accounted for using equity method	-	(29,038)	-	-	-	-	-	-	-	-	(29,038)
Treasury shares retired	(15,099)	(17,904)	-	-	-	-	-	-	-	33,003	-
Treasury shares transferred to employees	-	(51,852)	-	-	-	-	-	-	-	500,233	448,381
Changes in ownership interests in subsidiaries	-	1,800,464	-	-	(161,933)	(161,933)	-	-	-	-	1,638,531
Share-based payment transactions	-	116,583	-	-	-	-	-	-	-	-	116,583
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(188,755)	(188,755)	-	188,755	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,497,344
Balance at December 31, 2019	\$ 28,406,121	24,681,872	8,470,524	4,128,234	11,799,957	24,398,715	(2,952,181)	(583,943)	-	-	73,950,584
											9,950,490
											83,901,074

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

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

	2019	2018
Cash flows generated from operating activities:		
Profit before tax	\$ 12,776,066	9,658,838
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	9,783,921	7,938,345
Amortization expense	300,039	311,116
Expected credit loss	299,462	55,411
Net loss on financial assets or liabilities at fair value through profit or loss	383,430	98,188
Interest expense	4,810,821	4,747,543
Interest income	(2,009,432)	(1,071,586)
Dividend income	(483,430)	(149,758)
Compensation cost arising from share-based payments	281,579	105,898
Recognized share of associates and joint ventures accounted for equity method	(339,573)	(409,226)
Loss on disposal of property, plant and equipment	41,412	13,819
Property, plant and equipment reclassified as expenses	5,677	48,303
Other non-current assets reclassified as expenses	17,395	70,051
Gain on disposal of investments	(193,365)	(106,370)
Other investment loss (income)	13,597	(94,394)
Lease modification loss	2,134	-
Total adjustments to reconcile profit	<u>12,913,667</u>	<u>11,557,340</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes and trade receivables	(14,734,428)	(22,772,441)
Increase in trade receivables - related parties	(421,539)	(26,174)
Decrease (increase) in other receivable - related parties	(1,624)	23,839
Decrease in inventories	2,501,700	4,377,793
Decrease (increase) in other current assets	<u>403,016</u>	<u>(7,065,234)</u>
Total changes in operating assets	<u>(12,252,875)</u>	<u>(25,462,217)</u>
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	827,420	(338,873)
Increase in notes and trade payables	790,748	3,969,628
Increase (decrease) in trade payables - related parties	(156,117)	232,131
Increase (decrease) in other payables - related parties	(14,153)	72,714
Increase in current refund liability	1,259,621	1,020,320
Increase in other current liabilities	7,709,075	8,018,766
Decrease in other non-current liabilities	(197,900)	(93,126)
Total changes in operating liabilities	<u>10,218,694</u>	<u>12,881,560</u>
Net changes in operating assets and liabilities	<u>(2,034,181)</u>	<u>(12,580,657)</u>
Total changes in operating assets and liabilities	<u>10,879,486</u>	<u>(1,023,317)</u>
Cash generated from operations	23,655,552	8,635,521
Interest received	2,142,126	1,265,370
Dividends received	879,384	526,962
Interest paid	(5,160,731)	(4,840,306)
Income taxes paid	<u>(2,920,769)</u>	<u>(1,431,460)</u>
Net cash generated from operating activities	<u>18,595,562</u>	<u>4,156,087</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(410,463)	(725,898)
Proceeds from disposal of financial assets at fair value through other comprehensive income	24,189	21,344
Return of financial assets at fair value through other comprehensive income	44,382	91,464
Acquisition of financial assets at fair value through profit or loss	(37,968,045)	(17,644,212)
Proceeds from disposal of financial assets at fair value through profit or loss	37,783,409	17,992,587
Addition to equity - accounted investees	(352,166)	(200,264)
Proceeds from disposal of equity - accounted investees	248,112	329,228
Acquisition of property, plant and equipment	(6,610,228)	(8,565,871)
Proceeds from disposal of property, plant and equipment	102,267	33,479
Increase in refundable deposits	(126,822)	(8,899)
Increase in intangible assets	(185,619)	(330,052)
Decrease (increase) in other receivable - related parties	1,634	(3,886)
Increase in other non-current assets	<u>(1,324,851)</u>	<u>(5,215,276)</u>
Net cash flows used in investing activities	<u>(8,774,201)</u>	<u>(14,226,256)</u>
Cash flows used in financing activities:		
Increase in short-term loans	725,995,118	614,004,234
Repayments of short-term loans	(728,625,680)	(637,235,698)
Increase in long-term loans	8,819,755	21,590,472
Repayments of long-term loans	(10,593,725)	(10,539,915)
Increase (decrease) in guarantee deposits received	(66,975)	327,888
Repayments of lease liabilities	(710,956)	-
Cash dividends paid	(4,226,640)	(3,208,199)
Treasury shares transferred to employees	448,381	761,447
Change in non-controlling interests	<u>3,878,374</u>	<u>735,017</u>
Net cash flows used in financing activities	<u>(5,082,348)</u>	<u>(13,564,754)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(856,089)</u>	<u>1,177,829</u>
Net increase (decrease) in cash and cash equivalents	<u>3,882,924</u>	<u>(22,457,094)</u>
Cash and cash equivalents at beginning of year	<u>43,529,023</u>	<u>65,986,117</u>
Cash and cash equivalents at end of year	<u>\$ 47,411,947</u>	<u>43,529,023</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

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

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

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

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

The consolidated financial statements for the years ended December 31, 2019 and 2018 were authorized for issue by the Board of Directors on March 24, 2020.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(3) New standards, amendments and interpretations adopted:

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

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

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

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

- (i) IFRS 16 “Leases”

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

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

- 1) Definition of a lease

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

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

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) As a lessee

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

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

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

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

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

3) Impacts on financial statements

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

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

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

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

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. And the accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

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

These consolidated financial statements are prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The Group’s consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

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

Investor	Name of subsidiary	Shareholding		Notes
		December 31, 2019	December 31, 2018	
the Company	International Standards Laboratory Corp. ("ISL", Taiwan)	100.00	100.00	
the Company	Wistron Mexico, S.A. de C.V. ("WMX", Mexico)	100.00	100.00	
the Company	Wistron Technology (Malaysia) Sdn. Bhd. ("WMMY", Malaysia)	100.00	100.00	
the Company	Wistron Mobile Solutions Corporation ("WCH", U.S.A.)	100.00	100.00	
the Company	Wistron InfoComm (Czech), s.r.o. ("WCCZ", Czech Republic)	100.00	100.00	
the Company	Wistron Technology Service (America) Corporation ("WTS", U.S.A.)	100.00	100.00	
the Company/WLB/WCL	Wiwynn Corporation ("WYHQ", Taiwan)	50.84	57.44	
WAKS	XTRONICS (Kunshan) Electronics Technology Co., Ltd ("XTRKS", China)	100.00	-	(note 3)
Cowin/AIHH	Wistron InfoComm (Zhongshan) Corporation ("WZS", China)	100.00	100.00	
Win Smart	Wistron InfoComm (Kunshan) Co., Ltd. ("WAKS", China)	100.00	100.00	
Win Smart/WJC	Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. ("WEKS", China)	100.00	100.00	
Win Smart	Wistron InfoComm (Taizhou) Co., Ltd. ("WTZ", China)	100.00	100.00	
Win Smart	Wistron InfoComm (CHONGQING) Co., Ltd. ("WCQ", China)	100.00	100.00	
Win Smart	Wistron InfoComm Technology Service (Kunshan) Co., Ltd. ("WRKS", China)	100.00	100.00	
WSC	Wistron InfoComm (Chengdu) Co., Ltd. ("WCD", China)	100.00	100.00	
WDC	Wistron Optronics (Kunshan) Co., Ltd. ("WOK", China)	100.00	100.00	
WVS	Wistron InfoComm Technology (Zhongshan) Co., Ltd. ("WTZS", China)	100.00	100.00	
WEH	Polymer Vision B.V. ("WPV", Holland)	100.00	100.00	
WCL	Creator Technology B.V. ("WCT", Holland)	100.00	100.00	
WCL	Abilliant Corporation ("WAC", Taiwan)	100.00	100.00	
WYHQ	Wiwynn Technology Service Japan, Inc. ("WYJP", Japan)	50.84	57.44	
WYHQ	Wiwynn International Corporation ("WYUDE", U.S.A.)	50.84	57.44	
WYHQ	Wiwynn Korea Ltd. ("WYKR", South Korea)	50.84	57.44	
WYHQ	Wiwynn Mexico, S.A. de C.V. ("WYMX", Mexico)	50.84	-	(note 2)
WYHQ	WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD. ("WYMY", Malaysia)	50.84	57.44	
WYHK	Wiwynn Technology Service Kunshan, Ltd. ("WYKS", China)	50.84	57.44	
WMH	Wistron Medical Technology Corporation ("WMT", Taiwan)	100.00	100.00	
WMH	B-Temia Asia Pte Ltd. ("BTA", Singapore)	70.00	-	(note 1)
WMT	Wistron Medical Tech (Chongqing) Co., Ltd. ("WMCQ", China)	100.00	100.00	
WSSG/WHK	Wistron InfoComm Manufacturing (India) Private Limited ("WMI", India)	100.00	100.00	

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

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

- 4) Subsidiaries engaged in recycling of electronic products:

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

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

- 6) Investment and holding companies:

Investor	Name of subsidiary	Shareholding		Notes
		December 31, 2019	December 31, 2018	
the Company	Wise Cap Limited Company ("WCL", Taiwan)	100.00	100.00	
the Company	Win Smart Co., Ltd. ("Win Smart", British Virgin Islands)	100.00	100.00	
the Company	Wistron LLC ("WLLC", U.S.A.)	100.00	100.00	
the Company	WisVision Corporation ("WVS", British Virgin Islands)	100.00	100.00	
the Company	Wistron Advanced Materials (Hong Kong) Limited ("WGHK", Hong Kong)	100.00	100.00	
the Company	WiEDU Holding Co., Ltd ("WEDH", Seychelles)	100.00	100.00	
the Company	WiseCap (Hong Kong) Limited ("WCHK", Hong Kong)	100.00	100.00	
WCL	LE BEN Investment Ltd ("WLB", Taiwan)	100.00	100.00	
the Company/AIIH	Wistron Europe Holding Cooperatie U.A. ("WEH", Holland)	100.00	100.00	
AIIH	WinDisplay Corporation ("WDC", British Virgin Islands)	100.00	100.00	
Win Smart	Wistron Hong Kong Holding Limited ("WHHK", Hong Kong)	100.00	100.00	
Win Smart	Wistron Investment (Jiangsu) Co., Ltd. ("WJC", China)	100.00	-	(note 1)
WHHK	Wistron Investment (Sichuan) Co., Ltd. ("WSC", China)	100.00	100.00	
WYHQ	Wiwynn Technology Service Hong Kong Limited ("WYHK", Hong Kong)	50.84	57.44	
the Company	Wistron Medical Tech Holding Company ("WMH", Taiwan)	100.00	100.00	
the Company	Wistron Digital Technology Holding Company ("WDH", Taiwan)	100.00	100.00	

(Note 1): Capital injection in 2019Q2.

(Note 2): Capital injection in 2019Q1.

(Note 3): Capital injection in 2019Q4.

- (iii) Subsidiaries excluded from consolidated: None.

- (d) Foreign currency

- (i) Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency of the Group at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollars at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period;
- (iv) The asset is cash or a cash equivalent, but excluding the asset restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period;
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification."

(f) Cash and cash equivalents

Cash comprises cash on hand and demand and check deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

1) Classification of financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income – equity investment; or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the “trade receivables” line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

2) Impairment of financial assets

The Group's recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents notes and trade receivable, other receivable and guarantee deposits), trade receivable measured at FVOCI.

The Group measures loss allowance at an amount equal to lifetime ECL. The Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed; both qualitative and quantitative information and also basing on the Group's historical experiences and informed credit assessment as well as forward-looking information. For the financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the standard cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a systematic basis over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings and improvements: 20 to 50 years
- 2) Machinery and equipment: 3 to 10 years

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 3) Molding equipment: 1 year
- 4) Research and development equipment: 3 to 5 years
- 5) Furniture, fixtures and other equipment: 3 to 10 years

The Group reviews depreciation methods, useful lives, and residual values at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(k) Lease

(i) Applicable from January 1, 2019

1) Identifying a lease

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

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

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

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) As a lessee

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

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

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

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

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

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

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

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

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

3) As a lessor

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

(ii) Applicable before January 1, 2019

1) Lessor

Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

2) Lessee

Leases are operating leases and are not recognized in the Group's balance sheets.

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognized as expense in the period in which it is occurred.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as occurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as occurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- 1) Patents: 10 years
- 2) Software: 4 to 10 years
- 3) Customer relationships: 5 years
- 4) Professional technology: 20 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjust if appropriate.

(m) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured basing on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

1) Sale of goods

The Group manufactures and sells electronic products to international brand customers. The Group recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the related risk and rewards of ownership are transferred, and there is no continuing management involvement with the goods. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group often offers volume discounts to its customers based on aggregate sales. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

The Group provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Group would sell the product and the extended warranty separately in similar circumstances and to similar customers. The Group recognizes revenue for the service-type warranty on a straight-line basis over the extended warranty period.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Service revenue

The Group provide maintenance service. The Group will recognize the revenue when the performance obligation completed.

3) Financing components

The Group does not expect to have almost contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

The grant date of share-based payment is the date that the subscription price and shares are authorized by the Board of Directors.

(r) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(s) Earnings per share

The Group discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as accrued employees' compensation.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses including revenues and expenses relating to transactions with other components of the Group. Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

(a) Trade receivable valuation

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(d).

(b) Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of the inventory is mainly determined basing on the demand of products in the future. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	\$ 23,099	27,302
Demand and check deposits	29,388,543	34,670,531
Time deposits	<u>18,000,305</u>	<u>8,831,190</u>
Cash and cash equivalents in consolidated statement of cash flows	<u><u>\$ 47,411,947</u></u>	<u><u>43,529,023</u></u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Foreign currency swap contracts	\$ 1,973	11,755
Foreign currency forward contracts	7,096	5,895
Non-derivative financial assets		
Money market fund	50,361	50,105
	\$ 59,430	67,755

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

	December 31, 2019	December 31, 2018
Held-for trading financial liabilities:		
Derivative instruments not used for hedging		
Foreign currency swap contracts	\$ 51,687	63,029
Foreign currency forward contracts	23,538	11,307
	\$ 75,225	74,336

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

1) Foreign currency swap contracts:

December 31, 2019		
Amount (in thousands)	Currency	Expiration
EUR 6,000	EUR Put / USD Call	2020/1/21
USD 560,000	TWD Put / USD Call	2020/1/6~2020/1/14
December 31, 2018		
Amount (in thousands)	Currency	Expiration
EUR 6,000	EUR Put / USD Call	2019/1/10
USD 1,070,000	TWD Put / USD Call	2019/1/2~2019/3/12

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Foreign currency forward contracts:

December 31, 2019		
Amount (in thousands)	Currency	Expiration
USD 27,000	USD Put / CNY Call	2020/1/6
USD 313,000	TWD Put / USD Call	2020/1/2~2020/1/17
USD 6,105	BRL Put / USD Call	2020/3/23
December 31, 2018		
Amount (in thousands)	Currency	Expiration
USD 13,000	USD Put / CNY Call	2019/1/3~2019/1/31
USD 222,000	TWD Put / USD Call	2019/1/2~2019/1/30

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

	December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Convertible bonds	\$ 200,206	425,043
Simple agreement for future equity (SAFE)	20,050	13,828
	\$ 220,256	438,871

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

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

	December 31, 2019	December 31, 2018
Equity investments at fair value through other comprehensive income:		
Listed companies	\$ 4,033,765	1,538,374
Unlisted companies	575,539	515,816
Unlisted fund	945,852	1,165,275
Total	\$ 5,555,156	3,219,465

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

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group sold its shares in Applied BioCode, Inc., Phostek, Inc., Jafco Asia Technology Fund IV, Kibou Fund L.P., and IP Cathay One. with a fair value of \$25,219 during 2019; as well as disposed its shares in Jafco Asia Technology Fund III, Jafco Asia Technology Fund IV, Gaminia, Xplore Technologies Corp., FineMat Applied Materials Co., Ltd., Applied BioCode, Inc., and SSIWO Technologies Limited with a fair value of \$21,344 during 2018, resulting in the Group to recognize the net losses of \$188,755 and \$122,127, respectively, which were accounted for as under other comprehensive income; then later on, were reclassified to retained earnings.

(ii) For the disclosure of market risk, please refer to Note 6(x).

(iii) The aforementioned financial assets were not pledged as collateral.

(d) Notes and trade receivables

	December 31, 2019	December 31, 2018
Notes receivable measured at amortized cost	\$ 42,732	541,001
Trade receivables - measured at amortized cost	116,696,737	108,685,774
Trade receivables - measured at FVOCI	15,376,291	9,677,107
Trade receivables - related parties - measured at amortized cost	479,432	58,988
Less: loss allowance	(709,930)	(609,927)
	<u>\$ 131,885,262</u>	<u>118,352,943</u>

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

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

	December 31, 2019		
	Gross carrying amount	Weighted - average expected credit loss rate	Expected credit loss
Current	\$ 126,786,948	0%~0.001%	819
1 to 60 days past due	5,096,896	1.250%~3.069%	85,943
61 to 120 days past due	69,401	1.250%~3.646%	2,160
121 to 180 days past due	38,812	2.500%~8.556%	2,303
181 to 240 days past due	2,350	2.500%~9.888%	89
241 to 300 days past due	1,713	5.357%~18.186%	202
More than 301 days past due	599,072	18.886%~100%	594,377
Total	<u>\$ 132,595,192</u>		<u>685,893</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The movement in the loss allowance for notes and trade receivables were as follows:

	2019	2018
Balance on January 1	\$ 609,927	778,656
Impairment losses recognized	101,730	55,411
Amounts written off	(1,133)	(27,794)
Reclassification	-	(197,731)
Effect of changes in foreign exchange rates	<u>(594)</u>	<u>1,385</u>
Balance on December 31	<u><u>\$ 709,930</u></u>	<u><u>609,927</u></u>

The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. The amounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those trade receivables.

As of December 31, 2019 and 2018, the relevant information on trade receivables factored but unsettled were as follows:

Unit: USD in thousands

December 31, 2019						
Purchaser	Amount derecognized	Amount Advanced		Amount recognized in Other Receivables	Interest rate collar	Collateral
		Paid	Unpaid			
Financial institutions	<u>\$ 2,340,197</u>	<u>2,298,287</u>	<u>1,105,961</u>	<u>41,910</u>	2.06%~3.55%	<u>691,000</u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2018

<u>Purchaser</u>	<u>Amount derecognized</u>	<u>Amount Advanced</u>		<u>Amount recognized in Other Receivables</u>	<u>Interest rate collar</u>	<u>Collateral</u>
		<u>Paid</u>	<u>Unpaid</u>			
Financial institutions	\$ <u>2,488,954</u>	<u>2,421,354</u>	<u>1,350,534</u>	<u>67,600</u>	2.00%~3.81%	<u>691,000</u>

As of December 31, 2019 and 2018 the notes and trade receivables were not pledged.

(e) Other receivables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other current assets - other receivables	\$ 5,479,881	12,278,703
Other receivables - related parties	4,455	2,845
Less: loss allowance	<u>(395,463)</u>	<u>(197,731)</u>
	<u>\$ 5,088,873</u>	<u>12,083,817</u>

As of December 31, 2019 and 2018 the Group recognized its expected credit loss of \$395,463 and \$197,731, respectively.

The movement in the loss allowance for other receivables were as follows:

	<u>2019</u>	<u>2018</u>
Balance on January 1	\$ 197,731	-
Impairment losses recognized	197,732	-
Reclassification	<u>-</u>	<u>197,731</u>
Balance on December 31	<u>\$ 395,463</u>	<u>197,731</u>

(f) Inventories

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Raw materials	\$ 36,795,972	38,714,668
Work in progress	6,133,864	4,874,805
Finished goods	30,716,078	33,452,423
Inventory in transit	<u>11,924,367</u>	<u>12,572,127</u>
	<u>\$ 85,570,281</u>	<u>89,614,023</u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018, the details of cost of sales were as follows:

	<u>2019</u>	<u>2018</u>
Cost of goods sold	\$ 832,153,778	847,112,065
Loss on valuation of inventories	3,823,119	4,283,142
Gain on inventory physical count	(2,653)	(15,990)
Income from sale of scraps	(211,402)	(161,373)
Unallocated manufacturing overhead	<u>333,686</u>	<u>759,247</u>
	<u>\$ 836,096,528</u>	<u>851,977,091</u>

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

(g) Equity-accounted investees

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates	<u>\$ 6,727,285</u>	<u>6,514,305</u>

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

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
WNC	\$ 3,730,992	6,786,676	3,781,144	7,182,191
WITS	553,087	1,782,563	505,732	1,069,597
FPI	<u>493,087</u>	<u>820,001</u>	<u>465,872</u>	<u>860,237</u>
	<u>\$ 4,777,166</u>	<u>9,389,240</u>	<u>4,752,748</u>	<u>9,112,025</u>

(ii) For the years ended December 31, 2019 and 2018, the recognized share of profits and other comprehensive income of associates was as follows:

	<u>2019</u>	<u>2018</u>
Attributable to the Group:		
Net profit	\$ 339,573	409,226
Other comprehensive income	<u>(930)</u>	<u>(43,409)</u>
Comprehensive income	<u>\$ 338,643</u>	<u>365,817</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total assets	<u>\$ 57,788,392</u>	<u>54,982,471</u>
Total liabilities	<u>\$ 31,995,849</u>	<u>30,034,318</u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>2019</u>	<u>2018</u>
Revenue	<u>\$ 85,508,541</u>	<u>76,854,450</u>
Profit	<u>\$ 1,576,477</u>	<u>1,860,344</u>

(iv) Collateral

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

(h) Material non-controlling interests of subsidiaries

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

Subsidiaries	Main operation place	Percentage of non-controlling interests	
		December 31, 2019	December 31, 2018
WYHQ	Taiwan	49.16 %	42.56 %

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total assets	<u>\$ 48,147,226</u>	<u>28,204,042</u>
Total liabilities	<u>\$ 27,928,361</u>	<u>17,427,255</u>
	<u>2019</u>	<u>2018</u>
Revenue	<u>\$ 163,600,423</u>	<u>181,064,815</u>
Profit	<u>\$ 6,169,254</u>	<u>5,577,577</u>

(i) Property, plant and equipment

	Land	Building and improvements	Machinery and equipment	Molding equipment	Research and development equipment	Office equipment	Other equipment	Total
Cost or deemed cost:								
Balance at January 1, 2019	\$ 3,506,678	28,851,602	30,680,768	14,581,575	2,734,023	2,478,359	10,310,666	93,143,671
Additions	-	20,518	2,806,113	803,054	143,264	214,177	2,623,102	6,610,228
Reclassification (Note)	-	2,018,490	211,237	908,514	4,979	62	(1,944,294)	1,198,988
Reclassified from expense (as expense)	-	(2,841)	260	-	(230)	2	(2,868)	(5,677)
Disposals	-	(245,948)	(1,355,814)	(241,711)	(352,068)	(114,584)	(1,085,871)	(3,395,996)
Effect of changes in foreign exchange rates	(8,231)	(602,405)	(710,854)	(93,749)	(7,342)	(34,545)	(204,172)	(1,661,298)
Balance at December 31, 2019	<u>\$ 3,498,447</u>	<u>30,039,416</u>	<u>31,631,710</u>	<u>15,957,683</u>	<u>2,522,626</u>	<u>2,543,471</u>	<u>9,696,563</u>	<u>95,889,916</u>
Balance at January 1, 2018	\$ 3,493,947	27,846,908	23,140,184	13,761,596	2,752,323	2,447,673	7,680,216	81,122,847
Additions	252	111,964	4,042,605	704,013	153,143	138,908	3,414,986	8,565,871
Reclassification (Note)	-	454,229	3,736,744	926,238	11,229	8,033	(448,543)	4,687,930
Reclassified as expense	-	-	-	-	(329)	(662)	(47,312)	(48,303)
Disposals	-	(222,522)	(816,929)	(867,203)	(192,502)	(143,307)	(707,793)	(2,950,256)
Effect of changes in foreign exchange rates	12,479	661,023	578,164	56,931	10,159	27,714	419,112	1,765,582
Balance at December 31, 2018	<u>\$ 3,506,678</u>	<u>28,851,602</u>	<u>30,680,768</u>	<u>14,581,575</u>	<u>2,734,023</u>	<u>2,478,359</u>	<u>10,310,666</u>	<u>93,143,671</u>

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Building and improvements</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Research and development equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation and impairment loss :								
Balance at January 1, 2019	\$ -	11,975,460	14,711,098	13,639,620	2,384,330	2,054,993	5,509,783	50,275,284
Depreciation	-	1,838,388	4,170,446	1,658,503	169,820	188,465	1,055,729	9,081,351
Disposals	-	(339,427)	(1,194,358)	(241,711)	(346,616)	(89,623)	(1,040,582)	(3,252,317)
Effect of changes in foreign exchange rates	-	(274,673)	(386,139)	(74,046)	(6,401)	(28,606)	(117,630)	(887,495)
Balance at December 31, 2019	<u>\$ -</u>	<u>13,199,748</u>	<u>17,301,047</u>	<u>14,982,366</u>	<u>2,201,133</u>	<u>2,125,229</u>	<u>5,407,300</u>	<u>55,216,823</u>
Balance at January 1, 2018	\$ -	10,135,569	11,677,712	13,246,431	2,356,474	1,973,805	5,079,506	44,469,497
Depreciation	-	1,789,829	3,535,594	1,222,522	209,907	196,726	983,767	7,938,345
Disposals	-	(222,522)	(822,660)	(865,806)	(190,883)	(140,053)	(661,034)	(2,902,958)
Effect of changes in foreign exchange rates	-	272,584	320,452	36,473	8,832	24,515	107,544	770,400
Balance at December 31, 2018	<u>\$ -</u>	<u>11,975,460</u>	<u>14,711,098</u>	<u>13,639,620</u>	<u>2,384,330</u>	<u>2,054,993</u>	<u>5,509,783</u>	<u>50,275,284</u>
Carrying value:								
Balance at December 31, 2019	<u>\$ 3,498,447</u>	<u>16,839,668</u>	<u>14,330,663</u>	<u>975,317</u>	<u>321,493</u>	<u>418,242</u>	<u>4,289,263</u>	<u>40,673,093</u>
Balance at December 31, 2018	<u>\$ 3,506,678</u>	<u>16,876,142</u>	<u>15,969,670</u>	<u>941,955</u>	<u>349,693</u>	<u>423,366</u>	<u>4,800,883</u>	<u>42,868,387</u>
Balance at January 1, 2018	<u>\$ 3,493,947</u>	<u>17,711,339</u>	<u>11,462,472</u>	<u>515,165</u>	<u>395,849</u>	<u>473,868</u>	<u>2,600,710</u>	<u>36,653,350</u>

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

(j) Right-of-use assets

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

	<u>Land</u>	<u>Building and improvements</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2019	\$ -	-	-	-	-	-
Effects of retrospective application	3,171,229	3,228,685	6,348	2,188	48,880	6,457,330
Addition	-	551,741	-	24,144	26,884	602,769
Decrease	-	(34,310)	(6,385)	-	(6,379)	(47,074)
Effect of changes in foreign exchange rates	(64,538)	(67,326)	37	(113)	(376)	(132,316)
Balance at December 31, 2019	<u>\$ 3,106,691</u>	<u>3,678,790</u>	<u>-</u>	<u>26,219</u>	<u>69,009</u>	<u>6,880,709</u>
Accumulated depreciation and impairment losses:						
Balance at January 1, 2019	\$ -	-	-	-	-	-
Effects of retrospective application	530,303	1,689,415	2,645	393	13,447	2,236,203
Depreciation	63,528	616,692	573	4,511	17,266	702,570
Decrease	-	(15,217)	(3,233)	-	(3,560)	(22,010)
Effect of changes in foreign exchange rates	(11,558)	(40,908)	15	(40)	(202)	(52,693)
Balance at December 31, 2019	<u>\$ 582,273</u>	<u>2,249,982</u>	<u>-</u>	<u>4,864</u>	<u>26,951</u>	<u>2,864,070</u>
Carrying amount:						
Balance at December 31, 2019	<u>\$ 2,524,418</u>	<u>1,428,808</u>	<u>-</u>	<u>21,355</u>	<u>42,058</u>	<u>4,016,639</u>

The Group leases offices, warehouses and factory facilities under an operating lease for the year ended December 31, 2018, please refer to Note 6(o).

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WISTRON CORPORATION AND SUBSIDIARIES
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(k) Intangible assets

	<u>Patent</u>	<u>Goodwill</u>	<u>Software</u>	<u>Professional technology</u>	<u>Customer relationships</u>	<u>Total</u>
Costs:						
Balance at January 1, 2019	\$ 1,070,279	561,485	714,606	66,715	264,800	2,677,885
Additions	-	-	116,065	69,554	-	185,619
Decrease	(680,416)	-	(153,842)	-	(264,800)	(1,099,058)
Effect of changes in foreign exchange rates	(4,430)	-	(2,283)	(3,175)	-	(9,888)
Balance at December 31, 2019	<u>\$ 385,433</u>	<u>561,485</u>	<u>674,546</u>	<u>133,094</u>	<u>-</u>	<u>1,754,558</u>
Balance at January 1, 2018	\$ 1,076,982	561,485	2,187,480	69,313	264,800	4,160,060
Additions	-	-	329,806	246	-	330,052
Decrease	(6,249)	-	(1,802,854)	(4,762)	-	(1,813,865)
Effect of changes in foreign exchange rates	(454)	-	174	1,918	-	1,638
Balance at December 31, 2018	<u>\$ 1,070,279</u>	<u>561,485</u>	<u>714,606</u>	<u>66,715</u>	<u>264,800</u>	<u>2,677,885</u>
Accumulated amortization:						
Balance at January 1, 2019	\$ 916,944	-	389,634	29,310	264,800	1,600,688
Amortization	49,053	-	241,867	9,119	-	300,039
Decrease	(680,416)	-	(153,842)	-	(264,800)	(1,099,058)
Effect of changes in foreign exchange rates	(1,875)	-	(1,934)	(834)	-	(4,643)
Balance at December 31, 2019	<u>\$ 283,706</u>	<u>-</u>	<u>475,725</u>	<u>37,595</u>	<u>-</u>	<u>797,026</u>
Balance at January 1, 2018	\$ 853,729	-	1,958,000	25,906	264,800	3,102,435
Amortization	69,141	-	234,578	7,397	-	311,116
Decrease	(6,249)	-	(1,802,854)	(4,762)	-	(1,813,865)
Effect of changes in foreign exchange rates	323	-	(90)	769	-	1,002
Balance at December 31, 2018	<u>\$ 916,944</u>	<u>-</u>	<u>389,634</u>	<u>29,310</u>	<u>264,800</u>	<u>1,600,688</u>
Carrying value :						
Balance at December 31, 2019	<u>\$ 101,727</u>	<u>561,485</u>	<u>198,821</u>	<u>95,499</u>	<u>-</u>	<u>957,532</u>
Balance at December 31, 2018	<u>\$ 153,335</u>	<u>561,485</u>	<u>324,972</u>	<u>37,405</u>	<u>-</u>	<u>1,077,197</u>
Balance at January 1, 2018	<u>\$ 223,253</u>	<u>561,485</u>	<u>229,480</u>	<u>43,407</u>	<u>-</u>	<u>1,057,625</u>

(i) Impairment testing for goodwill

- 1) For the Group's impairment testing purpose, goodwill has been allocated to the operating units testing purpose. The units are the minimum level for the Group to goodwill, and its level is not higher than Group's operating segments.

The carrying amounts of goodwill were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Developing and manufacturing services cash-generating units	<u>\$ 561,485</u>	<u>561,485</u>

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WISTRON CORPORATION AND SUBSIDIARIES
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- 2) The recoverable amount of developing and manufacturing services cash-generating unit (CGU) was based on its value-in-use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The key assumptions used in the estimation of the value in use were as follows:

	December 31, 2019	December 31, 2018
Revenue growth rate	4 %	15 %
After-tax discount rate	6.85 %	4.76 %

The key assumptions represents the management's evaluation of the future industry trends, and of which the external, internal and also historical information were considered. There was no impairment occurred as of December 31, 2019 and 2018.

- (ii) Collateral

As of December 31, 2019 and 2018, the intangible assets were not pledged as collateral.

- (l) Other current assets and non-current assets

	December 31, 2019	December 31, 2018
(i) Other current assets:		
Other receivables, net	\$ 5,084,418	12,080,972
Prepaid royalties	310,492	349,859
Other prepayments	2,661,588	3,451,855
Tax refundable	5,118,415	6,754,753
Others	76,347	111,849
	\$ 13,251,260	22,749,288
	December 31, 2019	December 31, 2018
(ii) Other non-current assets:		
Advance payment for equipment	\$ 756,169	563,177
Prepaid rent (Note)	-	2,521,602
Refundable deposits	412,662	266,335
Others	289,440	429,195
	\$ 1,458,271	3,780,309

(Note) The Group reclassified prepaid rent as right-of-use asset when the initial adoption of IFRS 16 as of January 1, 2019.

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(m) Bank loans

(i) Short-term loans

December 31, 2019				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.15%~3.68%	2020/1/1~2020/8/5	\$ 54,634,753
Unsecured bank loans	JPY	0.34%~0.69%	2020/1/20~2020/7/24	569,087
Unsecured bank loans	TWD	1.18%~1.47%	2020/1/3~2020/6/22	214,500
Unsecured bank loans	EUR	0.69%~1.10%	2020/1/1~2020/1/20	1,796,502
Unsecured bank loans	CZK	2.90%	2020/1/1	<u>162,952</u>
Total				<u>\$ 57,377,794</u>
Unused credit line				<u>\$ 122,845,056</u>

December 31, 2018				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.85%~5.51%	2019/1/2~2019/10/24	\$ 55,756,006
Unsecured bank loans	JPY	0.33%~0.69%	2019/1/10~2019/2/1	631,224
Unsecured bank loans	BRL	8.75%~9.35%	2019/3/21~2019/5/24	179,805
Unsecured bank loans	TWD	1.41%~1.48%	2019/1/3~2019/6/23	44,775
Unsecured bank loans	EUR	0.69%~1.10%	2019/1/24~2019/2/28	561,770
Unsecured bank loans	CNY	4.00%	2019/1/4	443,075
Unsecured bank loans	CZK	2.65%~2.71%	2019/2/28	<u>3,396,049</u>
Total				<u>\$ 61,012,704</u>
Unused credit line				<u>\$ 146,841,181</u>

(ii) Long-term loans

December 31, 2019				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.31%~3.00%	2020/4/9~2022/3/7	\$ 18,159,452
Less: current portion				<u>(2,407,177)</u>
Total				<u>\$ 15,752,275</u>
Unused credit line				<u>\$ 9,710,559</u>

December 31, 2018				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	3.59%~3.86%	2021/5/23~2021/5/27	\$ <u>20,234,382</u>
Unused credit line				<u>\$ 13,693,200</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Breach of covenant

1) The Company

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

Total credit facility: USD800,000,000

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

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

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

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

2) WYHQ

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

Total credit facility: USD180,000,000

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

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

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

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

(iv) The interest expense for short-term and long-term loans for the years ended December 31, 2019 and 2018 were disclosed in Note 6(v).

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

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Lease liabilities

	December 31, 2019
Current	\$ 644,586
Non-current	\$ 923,848

For the disclosure of maturity analysis, please refer to Note 6(x).

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	\$ 44,466
Variable lease payments not included in the measurement of lease liabilities	\$ 259,236
Expenses relating to short-term leases	\$ 163,934
Expenses relating to leases of low-value assets	\$ 1,700

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

	2019
Total cash outflow for leases	\$ 1,180,292

(i) Leases of land, buildings and improvement

As of December 31, 2019, the Group leases land, buildings and improvement for its office space, factory, warehouse and staff dormitories. The leases of land run for a period of 19 years, and of buildings typically for 1 to 10 years. Furthermore, the Group leases office equipment and transportation equipment, with lease terms typically of 1 to 5 years. Some leases contain extension options. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

As of December 31, 2019, there is not the occurrence of either a significant event or a significant change in circumstances and the reassessment of the lease required.

(ii) Other leases

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

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Operating leases

(i) Lessee

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

	December 31, 2018
Less than one year	\$ 804,288
Between one and five years	1,294,738
More than five years	<u>47,199</u>
	<u>\$ 2,146,225</u>

The Group leases, a number of offices, factories, warehouses, staff dormitories and facilities under operating leases. The leases typically run for the periods of 1 to 12 years.

For the year ended December 31, 2018, expenses recognized in profit or loss in respect of operating leases was \$925,092.

(ii) Lessor

The Group leases a number of offices, staff dormitories, factories and facilities under operating leases. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. For the years ended December 31, 2019 and 2018, rental income recognized in profit or loss, were \$95,870 and \$121,513, respectively.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follow:

	December 31, 2019
Less than one year	<u>\$ 24,188</u>

The future minimum income under non-cancellable lease are as follows:

	December 31, 2018
Less than one year	<u>\$ 32,671</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Employee benefits

The movements in the present value of the defined benefit obligations and net defined benefit liabilities (assets) were as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	\$ 5,246	5,460
Fair value of plan assets	<u>(6,562)</u>	<u>(6,260)</u>
Net defined benefit assets (accounted for under “Other non-current assets”)	<u>\$ (1,316)</u>	<u>(800)</u>
	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	\$ 2,106,696	2,132,940
Fair value of plan assets	<u>(1,056,638)</u>	<u>(974,209)</u>
Net defined benefit liabilities (accounted for under “Other non-current liabilities”)	<u>\$ 1,050,058</u>	<u>1,158,731</u>

The domestic entities of the Group make defined benefit plans contributions to the pension fund account to Bank of Taiwan and Taipei Fubon commercial bank that provide pension for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years or service and average monthly salary for the six months prior to retirement.

The foreign entities of the Group, WSPH and WJP, adopted defined benefit plans.

1) Composition of plan assets

The domestic entities of the Group allocate pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The foreign entities of the Group, make defined benefit plans contributions to the pension fund in accordance with the local regulations.

The Group’s labor pension reserve account balance amounted to \$1,063,200 and \$980,469 as of December 31, 2019 and 2018, respectively. The utilization of the labor pension fund assets of the domestic entities of the Group includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) The movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations were as follows:

	<u>2019</u>	<u>2018</u>
Balance at January 1	\$ 2,138,400	2,016,919
Current service cost and interests	43,609	48,388
Benefit paid by the plan	(142,950)	(80,923)
Benefit paid by the Group	(62,366)	(22,078)
Net remeasurements of defined benefit liabilities (assets)		
— Actuarial losses arising from changes in financial assumptions	70,639	50,661
— Experience adjustments	64,239	123,052
— Losses arising from changes in demographic assumptions	-	1,934
Effect of employee transfer	-	(29)
Effect of change in foreign exchange rates	371	476
Balance at December 31	<u>\$ 2,111,942</u>	<u>2,138,400</u>

3) The movements in the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

	<u>2019</u>	<u>2018</u>
Fair value of plan assets at January 1	\$ 980,469	926,806
Contribution paid by the employer	187,933	101,974
Benefit paid by the plan	(142,950)	(80,923)
Expected return on plan assets	13,276	14,883
Net remeasurements of defined benefit liabilities (assets)		
— Return on plan assets	24,472	17,729
Balance at December 31	<u>\$ 1,063,200</u>	<u>980,469</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2019 and 2018, were as follow:

	<u>2019</u>	<u>2018</u>
Current service cost	\$ 13,408	15,401
Net interest on the net defined benefit liabilities	30,201	32,987
Net remeasurements of defined benefit liabilities (assets)		
— Loss on plan assets	24,472	17,729
Actual return on plan assets	(37,748)	(32,612)
Exchange differences	<u>5</u>	<u>5</u>
	<u>\$ 30,338</u>	<u>33,510</u>
	<u>2019</u>	<u>2018</u>
Cost of sales	\$ 9,064	6,259
Selling expenses	5,751	7,293
Administrative expenses	5,589	5,745
Research and development expenses	<u>9,934</u>	<u>14,213</u>
	<u>\$ 30,338</u>	<u>33,510</u>

5) The remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income

As of December 31, 2019 and 2018, the Group's remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	<u>2019</u>	<u>2018</u>
Balance as of January 1	\$ 535,933	378,015
Recognized during the year	<u>110,406</u>	<u>157,918</u>
Balance as of December 31	<u>\$ 646,339</u>	<u>535,933</u>

6) Actuarial assumptions

The Group's principal actuarial assumptions at the reporting dates are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Discount rate	1.125%~5.3%	1.125%~7.7%
Future salary increases	1.73%~5%	0.62%~5%

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after December 31, 2019 is \$41,321. The weighted average lifetime of the defined benefits plans is 15.05~20.47 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Effects to the defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2019		
Discount rate	\$ (59,621)	62,068
Future salary increases	59,765	(57,771)
December 31, 2018		
Discount rate	(62,198)	64,828
Future salary increases	62,638	(60,403)

There is no change in other assumptions when performing the aforementioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

(i) Defined contribution plans

The domestic entities of the Group set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The domestic Group entities set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

The foreign entities of the Group are in accordance with local regulations.

The Group set aside \$541,807 and \$478,853 of the pension costs to the Bureau of Labor Insurance for the years ended December 31, 2019 and 2018, respectively.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Income Taxes

(i) Income tax expense

- 1) The components of income tax expense for the years ended December 31, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Current tax expense		
Current period	\$ 3,194,259	2,946,493
Prior period adjustments	<u>482,966</u>	<u>443,714</u>
	<u>3,677,225</u>	<u>3,390,207</u>
Deferred tax benefit		
Origination and reversal of temporary difference	(627,402)	(1,094,969)
Effect on tax rate change on deferred income tax	<u>-</u>	<u>78,411</u>
	<u>(627,402)</u>	<u>(1,016,558)</u>
Income tax expense	<u>\$ 3,049,823</u>	<u>2,373,649</u>

- 2) The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Items that will not be reclassified to profit or loss subsequently:		
Remeasurements of the net defined benefit plans	\$ (20,830)	(42,600)
Unrealized gains (losses) on equity instruments as fair value through other comprehensive income	<u>(13,969)</u>	<u>10,322</u>
	<u>\$ (34,799)</u>	<u>(32,278)</u>
Items that may be reclassified to profit or loss subsequently:		
Exchange differences on translation of foreign financial statements	<u>\$ (86)</u>	<u>20</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) The reconciliation of income tax expense and profit before tax for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Profit before tax	\$ 12,776,066	9,658,838
Estimated income tax calculated based on the Company's statutory tax rate	2,555,213	1,931,768
Tax effects of different tax rates applicable in foreign jurisdiction	1,504,046	1,355,362
Surtax on undistributed earnings	85,752	31,395
Effect on tax rate change on deferred income tax	-	78,411
Tax-exempt income	(835,415)	(844,106)
Current-year losses for which no deferred tax asset was recognized	285,375	76,810
Change in unrecognized deductible temporary differences	(1,078,166)	(1,139,023)
Prior-period tax adjustments	482,966	443,714
Others	50,052	439,318
	<u>\$ 3,049,823</u>	<u>2,373,649</u>

- (ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liability

- a) Deferred tax assets have not been recognized in respect of the following items.

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Unused tax losses carryforwards	\$ 2,173,289	1,887,914
Deductible temporary differences	1,005,689	967,287
	<u>\$ 3,178,978</u>	<u>2,855,201</u>

According to the Income Tax Act, the operating loss as examined and assessed by the local tax authorities can be carried forward for use as a deduction from taxable income over a period of prior years. As of December 31, 2019, the Group's recognized and unrecognized deferred tax assets resulted from loss carryforwards and the expiry year were as follows:

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Expiry year</u>	<u>Recognized deferred tax assets</u>	<u>Unrecognized deferred tax assets</u>	<u>Total</u>
2020	\$ 85,609	368,157	453,766
2021	35,876	282,321	318,197
2022	5,841	261,369	267,210
2023	-	232,800	232,800
2024	-	656,780	656,780
2025	14,595	15,945	30,540
2026	12,682	12,727	25,409
2027	10,070	280,943	291,013
2028	-	14,179	14,179
2029	-	15,452	15,452
After 2030	249,193	32,616	281,809
	\$ 413,866	2,173,289	2,587,155

b) Unrecognized deferred tax assets and liabilities on investment

As of December 31, 2019 and 2018, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax assets and liabilities as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
The temporary differences associated with investment in subsidiaries (tax amount):		
Unrecognized deferred tax assets	\$ 825,388	721,687
Unrecognized deferred tax liabilities	\$ 3,783,802	2,667,234

2) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2019 and 2018 were as follows:

	<u>Recognized share of losses of subsidiaries and associates accounted for equity method</u>	<u>Unrealized exchange loss</u>	<u>Contract liabilities</u>	<u>Refund liability</u>	<u>Allowance for inventory valuation losses</u>	<u>Loss carryforwards</u>	<u>Tax difference arising from depreciation of property, plant and equipment</u>	<u>Unearned revenue</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:										
Balance at January 1, 2019	\$ 409,107	168,167	158,163	1,235,393	408,372	872,022	569,945	601,980	1,353,748	5,776,897
Recognized in profit or loss	-	17,275	14,138	468,702	122,862	(458,156)	(120,301)	308,574	(266,434)	86,660
Recognized in other comprehensive income	-	-	-	-	-	-	-	-	(43,206)	(43,206)
Balance at December 31, 2019	\$ 409,107	185,442	172,301	1,704,095	531,234	413,866	449,644	910,554	1,044,108	5,820,351
Balance at January 1, 2018	\$ 347,741	895,923	322,960	731,613	283,135	910,853	706,126	59,629	655,454	4,913,434
Effects of retrospective application	-	-	-	-	-	-	-	-	87,057	87,057
Recognized in profit or loss	61,366	(727,756)	(164,797)	503,780	125,237	(38,831)	(136,181)	542,351	488,549	653,718
Recognized in other comprehensive income	-	-	-	-	-	-	-	-	122,688	122,688
Balance at December 31, 2018	\$ 409,107	168,167	158,163	1,235,393	408,372	872,022	569,945	601,980	1,353,748	5,776,897

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Recognized share of gain of subsidiaries and associates accounted for equity method	Others	Total
Deferred income tax liabilities:			
Balance at January 1, 2019	\$ 3,060,372	149,483	3,209,855
Recognized in profit or loss	(576,834)	36,092	(540,742)
Recognized in other comprehensive income	-	(78,091)	(78,091)
Balance at December 31, 2019	<u>\$ 2,483,538</u>	<u>107,484</u>	<u>2,591,022</u>
Balance at January 1, 2018	\$ 3,281,458	175,078	3,456,536
Effects of retrospective application	-	25,729	25,729
Recognized in profit or loss	(221,086)	(141,754)	(362,840)
Recognized in other comprehensive income	-	90,430	90,430
Balance at December 31, 2018	<u>\$ 3,060,372</u>	<u>149,483</u>	<u>3,209,855</u>

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

(r) Capital and Other Equities

As of December 31, 2019 and 2018, the Company's authorized ordinary shares consisted of 4,000,000,000 shares, respectively, with a par value of \$10 per share, of which 2,842,122,000 shares and 2,748,688,000 shares, respectively, were issued and outstanding.

(i) Capital

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company retired the expired treasury shares amounting to \$15,099 consisting of 1,510,000 shares repurchased by the Company in 2016. The dates of capital decrease were August 12, 2019 wherein the relevant registration procedures had been completed. The Company retired the expired treasury shares amounting to \$132,547 and \$36,565, consisting of 13,255,000 shares and 3,656,000 shares of the first and second batch respectively repurchased by the Company in 2015. The dates of capital decrease were July 14, 2018 and November 9, 2018, respectively wherein the relevant registration procedures had been completed.

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

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

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Treasury Shares

- 1) During 2015 and 2016, the Company repurchased its own common stock as treasury shares, of which the total number was 164,362,000 shares, in order to motivate and improve the operating performance of its employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of December 31, 2019 and 2018, the treasury shares transferred to employees were 145,941,000 shares and 123,089,000 shares, respectively. And 1,510,000 shares, 13,255,000 shares and 3,656,000 shares had been retired in August 2019, July 2018 and November 2018, respectively. Therefore, the shares of treasury shares the Company held as of December 31, 2019 and 2018 were 0 shares and 24,362,000 shares, respectively.
- 2) Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10 % of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value, and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those that were not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury stock does not carry any shareholder rights until it is transferred.

(iii) Capital surplus

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

	December 31, 2019	December 31, 2018
A premium issuance of common stock in exchange for the net assets of the DMS business of AI	\$ 1,800,000	1,800,000
A premium issuance of common shares for cash	20,223,928	20,235,635
Surplus arising from equity-accounted investees	2,527,070	755,644
Transaction of treasury shares	57,257	4,979
Other	73,617	67,361
	<u>\$ 24,681,872</u>	<u>22,863,619</u>

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

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Unappropriated earnings

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

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

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

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

3) Dividends

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

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Earnings Distribution

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

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

The aforementioned appropriation of 2018 and 2017 earnings are the consistent with the amounts approved at the board of directors meetings. Related information would be available at the Market Observation Post System website.

5) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
	Group	Associates	Group	Associates
	Balance at January 1, 2019	\$ (1,105,265)	(187,327)	(2,730,320)
Foreign currency translation differences (net of tax)	(1,608,904)	(50,685)	-	-
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	-	2,009,673	53,271
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	188,755	-
Balance at December 31, 2019	\$ (2,714,169)	(238,012)	(531,892)	(52,051)

	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) on available-for-sale financial assets		Unrealized losses from financial assets measured at fair value through other comprehensive income	
	Group	Associates	Group	Associates	Group	Associates
	Balance at January 1, 2018	\$ (2,571,841)	(169,124)	(1,289,170)	19,880	-
Effects of retrospective application	-	-	1,289,170	(19,880)	(1,986,413)	(83,477)
Balance at January 1, 2018 after adjustments	(2,571,841)	(169,124)	-	-	(1,986,413)	(83,477)
Foreign currency translation differences (net of tax)	1,466,576	(18,203)	-	-	-	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	-	-	-	(866,034)	(21,845)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	122,127	-
Balance at December 31, 2018	\$ (1,105,265)	(187,327)	-	-	(2,730,320)	(105,322)

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) Non-controlling interests (net of tax)

	<u>2019</u>	<u>2018</u>
Balance on January 1	\$ 4,586,385	1,294,688
Effects of retrospective application	(938)	-
Profit attributable to non-controlling interests	2,925,475	2,376,717
Other comprehensive income attributable to non-controlling interests		
Exchange differences on translation of foreign financial statements	(56,890)	77,122
Remeasurements of defined benefit plans	(886)	3
Changes in non-controlling interests	<u>2,497,344</u>	<u>837,855</u>
Balance on December 31	<u><u>\$ 9,950,490</u></u>	<u><u>4,586,385</u></u>

(s) Share-based payment transactions

WYHQ-Employee stock option

As of December 31, 2019 and 2018, the information of WYHQ's employee stock options are as follows:

	<u>Equity-settled</u>			
	<u>2015 employee stock option certifications</u>	<u>2017 employee stock option certifications</u>	<u>2018 rights offering reserved for employee recognition</u>	<u>2019 rights offering reserved for employee recognition</u>
Grant date	January 26, 2015	June 20, 2017	January 23, 2018	February 27, 2019
Grant quantity	1,000,000	8,000,000	3,000,000	2,821,000
Contract period	5years	3years	-	-
Grant to	WYHQ's employee	WYHQ's employee	WYHQ's employee	WYHQ's employee
Vesting conditions	(Note 1)	(Note 2)	Immediately	Immediately

(Note 1): The exercise ratio of the employee stock options over the grant period are as follows:

<u>2015 employee stock option certifications</u>	
<u>Grant period</u>	<u>Exercise ratio (cumulative)</u>
February 15, 2017	1/3
February 15, 2018	2/3
February 15, 2019	3/3

(Note 2): The exercise ratio of the employee stock options over the grant period are as follows:

<u>2017 employee stock option certifications</u>	
<u>Grant period</u>	<u>Exercise ratio (cumulative)</u>
August 1, 2017	1/2
February 1, 2019	2/2

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

1) Measurable parameter of fair value at grant date

a) Employee stock options plan

WYHQ adopted the Black-Scholes model to evaluate the fair value of the stock option at the grant date. The assumptions adopted in this valuation model were as follows:

	<u>2015 employee stock options A</u>	<u>2017 employee stock options A</u>
Fair value at grant date (in dollars)	\$ 7.19	4.54 / 6.24
Share price at grant date (in dollars)	25.98	25.23
Exercise price (in dollars)	17.40	25.00
Expected volatility	38.87 %	34.99 % / 39.93%
Expected life	2 years	1.56 years / 2.31 years
Risk-free interest rate	0.60 %	0.5053 % / 0.5936%

b) Rights offering reserved for employee recognition (rights offering reserved for employee recognition)

	<u>2018 rights offering reserved for employee recognition</u>	<u>2019 rights offering reserved for employee recognition</u>
Fair value at grant date (in dollars)	\$ 26	\$ 305.3
Share price at grant date (in dollars)	146	248
Exercise price (in dollars)	120	57.3
Weighed-average cost of capital	8.67 %	- %
Debt-equity ratios	- %	23 %
Premium of minority discount	- %	31.5 %
Adjustment ratio of liquidity shortage	15 %	22 %
Adjustment ratio of control shortage	20 %	24 %

2) Information on employee stock options plan

The shares (in thousands) of the employee stock options were as follows:

	<u>2019</u>		<u>2018</u>	
	Weighted-average exercise price (expressed in dollars)	Number of options (in thousands)	Weighted-average exercise price (expressed in dollars)	Number of options (in thousands)
Outstanding balance at the beginning of the year	\$ 17.50	4,044	20.28	4,603
Options granted	-	-	-	-
Options forfeited	-	(14)	-	(127)
Options exercised	17.52	(3,798)	14.48	(432)
Outstanding balance at the end of the year	16.04	<u>232</u>	17.50	<u>4,044</u>
Exercisable number as the end of the year		<u>232</u>		<u>123</u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The outstanding employee stock options were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Range at exercise price (in dollar)	\$ 10.0 ~ 17.3	10.0 ~ 21.7
Weighted-average at remaining duration (years)	0.19	1.14

3) Employee expenses

WYHQ incurred expenses of share-based arrangements in 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Expenses occurred form employee stock option certifications	\$ 2,319	27,898
Expenses occurred from rights offering reserved for employee recognition	161,643	78,000
Total	<u>\$ 163,962</u>	<u>105,898</u>

(t) Earnings per share

	<u>2019</u>	<u>2018</u>
Basic earnings per share:		
Net profit belonging to ordinary shareholders	\$ <u>6,800,768</u>	<u>4,908,472</u>
Weighted average ordinary shares outstanding (in thousands)	<u>2,830,397</u>	<u>2,974,207</u>
Basic EPS (in dollars)	\$ <u>2.40</u>	<u>1.76</u>
Diluted EPS:		
Net profit belonging to ordinary shareholders	\$ <u>6,800,768</u>	<u>4,908,472</u>
Weighted average ordinary shares outstanding (in thousands)	2,830,397	2,974,207
Effect of potentially dilutive ordinary shares (in thousands):		
Employees' compensation	48,405	46,236
Weighted average ordinary shares outstanding plus the effect of potentially dilutive ordinary shares (in thousands)	<u>2,878,802</u>	<u>2,840,443</u>
Diluted EPS (in dollars)	\$ <u>2.36</u>	<u>1.73</u>

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2019</u>	<u>2018</u>
Primary geographical markets		
United states	\$ 328,937,152	343,578,397
China	247,998,381	243,544,193
Europe	167,564,825	158,066,268
Others	<u>133,754,720</u>	<u>144,347,489</u>
	<u>\$ 878,255,078</u>	<u>889,536,347</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
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	<u>2019</u>	<u>2018</u>
Major products		
Computer, Communication & Consumer electronics	\$ 770,728,400	803,305,340
Others	<u>107,526,678</u>	<u>86,231,007</u>
	<u>\$ 878,255,078</u>	<u>889,536,347</u>

(ii) Contract balances

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Notes receivables	\$ 42,732	541,001	239,988
Trade receivables	132,073,028	118,362,881	95,138,957
Trade receivables - related parties	479,432	58,988	51,462
Less: loss allowance	<u>(709,930)</u>	<u>(609,927)</u>	<u>(778,656)</u>
Total	<u>\$ 131,885,262</u>	<u>118,352,943</u>	<u>94,651,751</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Current contract liabilities- warranty	<u>\$ 2,429,134</u>	<u>1,601,713</u>	<u>1,940,586</u>
Current refund liability	<u>\$ 6,177,579</u>	<u>4,917,958</u>	<u>3,897,638</u>

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

The amounts of revenue recognized for the years ended December 31, 2019 and 2018 that were included in the contract liability balances at the beginning of the year were \$2,157,200 and \$1,992,240, respectively. The major change in the balance of contract liabilities is the difference between the time frame of the performance obligation to be satisfied and the payment to be received. There were no other significant changes during the year.

(v) Non-operating income and expenses

(i) Other income

The details of other income for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 2,009,432	1,071,586
Dividend income	483,430	149,758
Rental income	<u>95,870</u>	<u>121,513</u>
Total	<u>\$ 2,588,732</u>	<u>1,342,857</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Foreign exchange gains (losses), net	\$ 340,011	(431,584)
Gains on disposal of investments, net	193,365	106,370
Losses on disposal of property plant and equipment, net	(41,412)	(13,819)
Gains on financial assets or liabilities at fair value through profit or loss, net	96,606	1,817,144
Other investment income (loss), net	(13,597)	94,394
Others	<u>783,764</u>	<u>315,777</u>
Total	<u>\$ 1,358,737</u>	<u>1,888,282</u>

(iii) Finance costs

	<u>2019</u>	<u>2018</u>
Interest expense	<u>\$ (4,810,821)</u>	<u>(4,747,543)</u>

(w) Employees' and directors' compensation

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

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

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

	<u>2019</u>	<u>2018</u>
Employees' compensation	\$ 1,164,751	700,154
Directors' compensation	<u>76,873</u>	<u>46,210</u>
	<u>\$ 1,241,624</u>	<u>746,364</u>

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The amounts are calculated by the net profit before tax excluding employees' and directors' compensation, of each year multiplied by the percentage of employees' and directors' compensation as specified in the Company's Article of Incorporation. The amounts are accounted for under cost of sales and operating expense in each year.

The compensation to employees of 2018 was paid in cash. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2019 and 2018.

The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year.

(x) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group's majority customers are in high-tech industries. To reduce concentration of credit risk, the Group evaluates customers' financial positions periodically and requires its customers to provide collateral or promissory notes, if necessary. Besides, the Group periodically, evaluates the recoverability of trade receivables and recognize as loss allowances for doubtful accounts. Furthermore, it buys insurance for the receivables. As of December 31, 2019 and 2018, 65% of the Group's trade receivables were concentrated on 5 specific customers, therefore, the Group is exposed to credit risk.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
As of December 31, 2019					
Non-derivative financial liabilities					
Short-term loans	\$ 57,377,794	57,454,547	57,454,547	-	-
Notes and trade payables (including related parties)	138,445,293	138,445,293	138,445,293	-	-
Other payables (including related parties)	22,324,874	22,324,874	22,324,874	-	-
Lease liabilities	1,568,434	1,624,952	671,111	757,202	196,639
Long-term loans (including current portion)	<u>18,159,452</u>	<u>18,849,919</u>	<u>2,422,623</u>	<u>16,427,296</u>	<u>-</u>
Subtotal	<u>237,875,847</u>	<u>238,699,585</u>	<u>221,318,448</u>	<u>17,184,498</u>	<u>196,639</u>
Derivative financial liabilities					
Foreign currency swap contracts:					
Outflow	51,687	15,907,793	15,907,793	-	-
Inflow	-	<u>(15,856,106)</u>	<u>(15,856,106)</u>	-	-
Carrying amount	<u>51,687</u>	<u>51,687</u>	<u>51,687</u>	<u>-</u>	<u>-</u>

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
Foreign currency forward contracts:					
Outflow	23,538	207,341	207,341	-	-
Inflow	-	(183,803)	(183,803)	-	-
Carrying amount	23,538	23,538	23,538	-	-
Subtotal	75,225	75,225	75,225	-	-
Total	\$ 237,951,072	238,774,810	221,393,673	17,184,498	196,639
As of December 31, 2018					
Non-derivative financial liabilities					
Short-term loans	\$ 61,012,704	61,152,327	61,152,327	-	-
Notes and trade payables (including related parties)	139,467,234	139,467,234	139,467,234	-	-
Other payables (including related parties)	24,490,416	24,490,416	24,490,416	-	-
Long-term loans	20,234,382	22,097,524	-	22,097,524	-
Subtotal	245,204,736	247,207,501	225,109,977	22,097,524	-
Derivative financial liabilities					
Foreign currency swap contracts:					
Outflow	63,029	25,626,977	25,626,977	-	-
Inflow	-	(25,563,948)	(25,563,948)	-	-
Carrying amount	63,029	63,029	63,029	-	-
Foreign currency forward contracts:					
Outflow	11,307	11,307	11,307	-	-
Subtotal	74,336	74,336	74,336	-	-
Total	\$ 245,279,072	247,281,837	225,184,313	22,097,524	-

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

(iii) Market risk

1) Currency risk

a) Exposure to currency risk

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

	December 31, 2019		
	Foreign currency (in thousands)	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	499 USD/BRL=	4.025	15,010
	0.21 USD/COP=	3,286.510	6
	40,516 USD/CZK=	22.693	1,219,785
	125 USD/INR=	70.200	3,752
	12,177 USD/JPY=	108.890	366,605
	493 USD/MXN=	18.928	14,853
	2,574,952 USD/TWD=	30.106	77,521,512
	23,178 USD/CNY=	6.987	697,801
	116 USD/TRY=	5.951	3,507
CNY	153,237 CNY/TWD=	4.309	660,300
	1,313,391 CNY/USD=	0.143	5,659,403
<u>Non-monetary items</u>			
USD	38,324 USD/TWD=	30.106	1,153,778

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2019			
<u>Financial liabilities</u>	Foreign currency (in thousands)	Exchange rate	TWD
<u>Monetary items</u>			
USD	6,519 USD/BRL=	4.025	196,252
	1,985 USD/CLP=	735.100	59,764
	10,816 USD/CZK=	22.693	325,613
	1 USD/HKD=	7.788	26
	22,245 USD/INR=	70.200	669,719
	26,412 USD/JPY=	108.890	795,155
	10,136 USD/MXN=	18.928	305,166
	3,900,578 USD/TWD=	30.106	117,430,809
	14,921 USD/CNY=	6.987	449,211
CNY	9,258 CNY/TWD=	4.309	39,892
	2,700,424 CNY/USD=	0.143	11,636,125
December 31, 2018			
<u>Financial assets</u>	Foreign currency (In thousands)	Exchange rate	TWD
<u>Monetary items</u>			
USD	807 USD/BRL=	3.875	24,793
	396 USD/COP=	3,312.300	12,168
	83 USD/CLP=	698.200	2,550
	181 USD/INR=	69.890	5,573
	3,323 USD/JPY=	110.780	102,115
	2,434 USD/MXN=	19.712	74,797
	2,836,772 USD/TWD=	30.733	87,182,508
	46,609 USD/CNY=	6.867	1,432,446
CNY	314,979 CNY/TWD=	4.476	1,409,690
	996,470 CNY/USD=	0.146	4,459,698
<u>Non-monetary items</u>			
USD	39,150 USD/TWD=	30.733	1,203,209
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	371 USD/BRL=	3.875	11,394
	4,093 USD/CLP=	698.200	125,798
	993 USD/COP=	3,312.300	30,528
	3,895 USD/CZK=	22.542	119,693
	20,414 USD/INR=	69.890	627,398
	9,513 USD/MXN=	19.712	292,368
	4,685,725 USD/TWD=	30.733	144,006,379
	46,234 USD/CNY=	6.867	1,420,901
CNY	7,747 CNY/TWD=	4.476	34,671
	3,188,202 CNY/USD=	0.146	14,268,801

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

b) Currency risk sensitivity analysis

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

A Strengthening (weakening) 5 % of appreciation (depreciation) of the TWD against the USD and the CNY as of December 31, 2019 and 2018, would increase (decrease) the net profit after tax by \$1,829,808 and \$2,649,264, respectively. The analysis assumes that all other variables remain constant.

2) Interest analysis

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

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

If the interest rate increase/decrease by 25 basis points, the Group's net profit after tax would decrease/increase by \$87,656 and \$123,830 for the years ended December 31, 2019 and 2018, respectively, with all other variable factors that remain constant. This is mainly due to the Group's borrowings in floating variable rate.

3) Other market price risk

For the years ended December 31, 2019 and 2018, the sensitivity analyses for the changes in the securities price at the reporting dates were performed using the same basis for the profit and loss as illustrated below:

	2019	2018
Price of securities at reporting date	After-tax other comprehensive income	After-tax other comprehensive income
Increasing 3%	\$ 159,995	88,927
Decreasing 3%	\$ (159,995)	(88,927)

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Fair value information

a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and, disclosure of fair value information is not required :

	December 31, 2019				
	Carrying amount	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss					
Derivative financial assets	\$ 9,069	-	9,069	-	9,069
Money market fund	50,361	-	50,361	-	50,361
Subtotal	<u>\$ 59,430</u>	<u>-</u>	<u>59,430</u>	<u>-</u>	<u>59,430</u>
Non-current financial assets at fair value through profit or loss					
Convertible bonds	\$ 200,206	-	-	200,206	200,206
SAFE	20,050	-	-	20,050	20,050
Subtotal	<u>\$ 220,256</u>	<u>-</u>	<u>-</u>	<u>220,256</u>	<u>220,256</u>
Non-current financial assets at fair value through other comprehensive income					
Equity instruments	\$ 5,555,156	4,033,765	-	1,521,391	5,555,156
Trade receivables	15,376,291	-	-	-	-
Subtotal	<u>\$ 20,931,447</u>	<u>4,033,765</u>	<u>-</u>	<u>1,521,391</u>	<u>5,555,156</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 47,411,947	-	-	-	-
Notes and trade receivables (including related parties)	116,508,971	-	-	-	-
Other receivables (including related parties)	5,088,873	-	-	-	-
Subtotal	<u>\$ 169,009,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Refundable deposits	<u>\$ 412,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 75,225	-	75,225	-	75,225
Financial liabilities measured at amortized cost					
Short-term loans	\$ 57,377,794	-	-	-	-
Notes and trade payables (including related parties)	138,445,293	-	-	-	-
Other payables (including related parties)	22,324,874	-	-	-	-
Lease liabilities	1,568,434	-	-	-	-
Long-term loans (including current portion)	18,159,452	-	-	-	-
Subtotal	<u>\$ 237,875,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2018				
	Carrying amount	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss					
Derivative financial assets	\$ 17,650	-	17,650	-	17,650
Money market fund	50,105	-	50,105	-	50,105
Subtotal	<u>\$ 67,755</u>	<u>-</u>	<u>67,755</u>	<u>-</u>	<u>67,755</u>
Non-current financial assets at fair value through profit or loss					
Convertible bonds	\$ 425,043	-	-	425,043	425,043
SAFE	13,828	-	-	13,828	13,828
Subtotal	<u>\$ 438,871</u>	<u>-</u>	<u>-</u>	<u>438,871</u>	<u>438,871</u>
Non-current financial assets at fair value through other comprehensive income					
Equity instruments	\$ 3,219,465	1,538,374	-	1,681,091	3,219,465
Trade receivables	9,677,107	-	-	-	-
Subtotal	<u>\$ 12,896,572</u>	<u>1,538,374</u>	<u>-</u>	<u>1,681,091</u>	<u>3,219,465</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 43,529,023	-	-	-	-
Notes and trade receivables (including related parties)	108,675,836	-	-	-	-
Other receivable (including related parties)	12,083,817	-	-	-	-
Subtotal	<u>\$ 164,288,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Refundable deposits	<u>\$ 266,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 74,336</u>	<u>-</u>	<u>74,336</u>	<u>-</u>	<u>74,336</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 61,012,704	-	-	-	-
Notes and trade payables (including related parties)	139,467,234	-	-	-	-
Other payables (including related parties)	24,490,416	-	-	-	-
Long-term loans	20,234,382	-	-	-	-
Subtotal	<u>\$ 245,204,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

b) Valuation techniques for financial instruments measured at fair value

i) Non-derivative financial instruments

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

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

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

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

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

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

ii) Derivative financial instruments

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

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

c) Transfer between Level 1 and Level 3

The Group holds an investment in equity shares of FineMat Applied Materials Co., Ltd., which is classified as fair value through other comprehensive income, with a fair value of \$446,578 and \$133,788 as of December 31, 2019 and 2018, respectively. The fair value of the investment was previously categorized as Level 3 as of December 31, 2018. This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares. In November 2019, FineMat Applied Materials Co., listed its equity shares on an exchange and they are currently actively traded in that market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy as of December 31, 2019.

d) Changes between Level 3

The movement in the reconciliation of Level 3 fair values during the years ended December 31, 2019 and 2018 were as follows:

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	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	
	<u>Non-derivative financial assets mandatorily measured at fair value through profit or loss</u>	<u>Unquoted equity instruments</u>	<u>Total</u>
January 1, 2019	\$ 438,871	1,681,091	2,119,962
Total gains and losses recognized in profit or loss	(373,893)	-	(373,893)
in other comprehensive income	-	(266,410)	(266,410)
Purchased	26,673,193	410,463	27,083,656
Disposal and return of capital	(26,517,915)	(79,328)	(26,597,243)
Effect of tax	-	(81,468)	(81,468)
Effect of exchange rate changes	-	(971)	(971)
Transfers out of Level 3	-	(141,986)	(141,986)
December 31, 2019	<u>\$ 220,256</u>	<u>1,521,391</u>	<u>1,741,647</u>
	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	
	<u>Non-derivative financial assets mandatorily measured at fair value through profit or loss</u>	<u>Unquoted equity instruments</u>	<u>Total</u>
January 1, 2018	\$ 816,016	1,413,934	2,229,950
Total gains and losses recognized in profit or loss	(211,901)	-	(211,901)
in other comprehensive income	-	(348,595)	(348,595)
Purchased	5,589,138	675,900	6,265,038
Disposal and return of capital	(5,714,717)	(108,724)	(5,823,441)
Effect of tax	-	4,544	4,544
Effect of exchange rate changes	1,331	3,036	4,367
Transfers into (out of) Level 3	(40,996)	40,996	-
December 31, 2018	<u>\$ 438,871</u>	<u>1,681,091</u>	<u>2,119,962</u>

For the years ended December 31, 2019 and 2018, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets measured at fair value through other comprehensive income” were as follows:

	<u>2019</u>	<u>2018</u>
Total gains and losses recognized:		
in profit or loss, and presented in “other gains and losses”	\$ (373,893)	(211,901)
in other comprehensive income, and presented in “unrealized gains and losses from financial assets measured at fair value through other comprehensive income”	(266,410)	(348,595)
	<u>\$ (640,303)</u>	<u>(560,496)</u>

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

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

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

Quantified information of significant unobservable inputs were as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through profit or loss – SAFE and convertible bonds	Binary tree model	<ul style="list-style-type: none"> ·EV/Revenue (as of December 31, 2019, were 1.10~1.84, and as of December 31, 2018, were 1.13~2.72) ·Volatility (as of December 31, 2019, were 36.22%~57.63%) ·Perpetually growing rate (as of December 31, 2019, were 3.4~3.8) ·Cost of capital rate (as of December 31, 2019, were 29%~31%) 	<ul style="list-style-type: none"> ·The estimated fair value would increase if the multiplier was higher ·The estimated fair value would increase if volatility was higher ·The estimated fair value would increase if perpetually growing rate was higher ·The estimated fair value would decrease if cost of capital rate was higher
	Black-Scholes Option Pricing Model	<ul style="list-style-type: none"> ·EV/Revenue (as of December 31, 2019, were 1.07~1.31) ·Volatility (as of December 31, 2019, was 45.77%) 	<ul style="list-style-type: none"> ·The estimated fair value would increase if multiplier was higher ·The estimated fair value would decrease if the volatility was higher
Financial assets measured at fair value through other comprehensive income – equity investments without an active market	Comparable listed companies approach – equity method	<ul style="list-style-type: none"> ·Price – book ratio (as of December 31, 2019 were 0.71~23.66, and as of December 31, 2018, were 0.02~4.8) ·Market liquidity discount rate (as of December 31, 2019, December 31 and December 31, 2018, were 20%) 	<ul style="list-style-type: none"> ·The estimated fair value would increase if the multiplier was higher ·The estimated fair value would decrease if market liquidity discount rate was higher
	Comparable listed companies approach – surplus multiplier method	<ul style="list-style-type: none"> ·Price/EPS (as of December 31, 2018 were 22.77 ~ 41.00) ·Market liquidity discount rate (as of December 31, 2018 was 20%) 	<ul style="list-style-type: none"> ·The estimated fair value would increase if the multiplier was higher ·The estimated fair value would decrease if market liquidity discount rate was higher
	Net asset value method	·Net asset value	Not applicable

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

	Inputs	Increase or decrease	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2019						
Financial assets measured at fair value through profit or loss	EV/ Revenue	5%	\$ 8,632	(8,632)	-	-
	Volatility	5%	8,632	(8,632)	-	-
Financial assets at fair value through other comprehensive income	Price book ratio	5%	-	-	28,777	(28,777)
	Market liquidity discount rate	5%	-	-	28,777	(28,777)
	Net asset value method	5%	-	-	47,293	(47,293)
December 31, 2018						
Financial assets measured at fair value through profit or loss	EV/ Revenue	5%	19,830	(19,830)	-	-
Financial assets at fair value through other comprehensive income	Price book ratio	5%	-	-	25,791	(25,791)
	Market liquidity discount rate	5%	-	-	25,791	(25,791)
	Net asset value method	5%	-	-	58,264	(58,264)

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

- 5) Offsetting financial assets and financial liabilities

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

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Unit: foreign currency in thousands

December 31, 2019						
Financial assets that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other non-current assets	USD 14,700,838	14,700,838	-	-	-	-
	CNY 4,763,458	4,763,458	-	-	-	-
December 31, 2019						
Financial liabilities that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term loans	USD 14,700,838	14,700,838	-	-	-	-
	CNY 4,763,458	4,763,458	-	-	-	-
December 31, 2018						
Financial assets that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other non-current assets	USD 17,302,924	17,302,924	-	-	-	-
	CNY 854,000	854,000	-	-	-	-
December 31, 2018						
Financial liabilities that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term loans	USD 17,302,924	17,302,924	-	-	-	-
	CNY 854,000	854,000	-	-	-	-

(y) Financial risk management

(i) By using financial instruments, the Group is exposed to risks as below:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Detailed information about exposure risk arising from the aforementioned risks was listed below. The Group's objective, policies and processes for managing risks and methods used to measure the risk arising from financial instruments.

(ii) Risk management framework

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The Shareholder's meeting regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments to which the Group is exposed to. The Group's internal auditors continue with the review of the amount of the risk exposure in accordance with the Group's policy and the risk management policies and procedures. Derivative contracts of the Group with several financial institutions were intended to manage foreign currency exchange and interest rate fluctuation risks.

The chief of finance management department arranges a meeting to review the strategy and performance, then reports the results to Chief Financial Officer and Chairman periodically.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group's notes and accounts receivable and investment.

1) Notes and trade receivables

The Group's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Group will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

2) Investment

The credit risk exposure in the bank deposits, other financial instruments and equity instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, there are no incompliance issues and therefore no significant credit risk.

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Guarantee

According to the Group's policy, the Group can only provide guarantee to which is listed under the regulation. The Group did not provide guarantees to any non-consolidated subsidiaries as of December 31, 2019 and 2018.

(iv) Liquidity risk

The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Group. As of December 31, 2019 and 2018, the Group has unused credit facilities for short-term and long-term loans of \$132,555,615 and \$160,534,381, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, the New Taiwan Dollar. The currencies used in these transactions are denominated in TWD, EUR, USD, JPY and CNY.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Group's future cash flow. The Group entering into forward and swap contracts are intended to manage the exchange rate risk due to the Group's current and future demands for foreign currency. The contract periods are decided in consideration of the Group's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Group will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Group's short-term loans, long-term loans and advances from factoring of trade receivables bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Group's future cash flow. The Group reduces the interest risks by negotiating the loan interest rates frequently with banks.

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Other market price risk

The Group monitors the risk arising from its security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(z) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Group manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Group aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time.

	December 31, 2019	December 31, 2018
Total liabilities	\$ 260,275,261	265,570,993
Less: cash and cash equivalents	<u>(47,411,947)</u>	<u>(43,529,023)</u>
Net debt	212,863,314	222,041,970
Total equity	<u>83,901,074</u>	<u>73,531,582</u>
Adjusted equity	<u>\$ 296,764,388</u>	<u>295,573,552</u>
Debt-to-equity ratio at 31 December	<u>71.73%</u>	<u>75.12%</u>

(Note): Equity is total equity and net debt.

As of December 31, 2019, the Group's capital management strategy is consistent with the prior years.

(aa) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2019 and 2018, were as follows:

	January 1, 2019	Cash flows	Non-cash changes			December 31, 2019
			Effect of changes in foreign exchange rates	Interest Expense	Others	
Short-term loans	\$ 61,012,704	(2,630,562)	(1,004,348)	-	-	57,377,794
Long-term loans (including current portion)	20,234,382	(1,773,970)	(300,960)	-	-	18,159,452
Lease liabilities	1,698,090	(710,956)	(43,005)	44,466	579,839	1,568,434
Guarantee deposits	<u>1,077,704</u>	<u>(66,975)</u>	<u>7,833</u>	<u>-</u>	<u>-</u>	<u>1,018,562</u>
Total liabilities from financing activities	<u>\$ 84,022,880</u>	<u>(5,182,463)</u>	<u>(1,340,480)</u>	<u>44,466</u>	<u>579,839</u>	<u>78,124,242</u>

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	January 1, 2018	Cash flows	Non-cash changes			December 31, 2018
			Effect of changes in foreign exchange rates	Interest Expense	Others	
Short-term loans	\$ 82,594,681	(23,231,464)	1,649,487	-	-	61,012,704
Long-term loans	8,867,276	11,050,557	316,549	-	-	20,234,382
Guarantee deposits	746,614	327,888	3,202	-	-	1,077,704
Total liabilities from financing activities	\$ <u>92,208,571</u>	<u>(11,853,019)</u>	<u>1,969,238</u>	<u>-</u>	<u>-</u>	<u>82,324,790</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

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Names of the related parties	Relationship
Optiemus Electronics Limited (OPEL)	Associate
Smartiply, Inc (SMTP)	Associate
Wistron Information Technology and Services Inc. (WIBI)	Associate
Wistron Information Technology and Services Limited (WIHK)	Associate
WISTRON HUMANITIES FOUNDATION	Other related party

(b) Related party transactions

(i) Sales

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

	Sales	
	2019	2018
Associates		
FPI	\$ 754,662	1,675
WIS	321,596	33,041
LYZ	34,708	50,111
WNC	21,620	25,269
MAYA	12,256	18,264
FBTW	8,322	30,577
Others	39,521	3,275
	<u>\$ 1,192,685</u>	<u>162,212</u>
	Receivables from related parties	
	December 31, 2019	December 31, 2018
Associates		
FPI	\$ 240,567	1,428
WIS	200,821	8,844
LYZ	17,618	26,708
FBTW	2,602	6,331
OPEL	40	7,270
Others	17,784	8,407
	<u>\$ 479,432</u>	<u>58,988</u>

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

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(ii) Purchases

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

	Purchases	
	2019	2018
Associates		
FPI	\$ 1,460,873	-
TPE	456,980	482,747
WNC	373,620	318,492
LYZ	371,923	466,625
HYZS	228,525	262,523
HTK	186,312	483,900
Others	<u>508,494</u>	<u>478,201</u>
	<u>\$ 3,586,727</u>	<u>2,492,488</u>
	Payables to related parties	
	December 31, 2019	December 31, 2018
Associates		
FPI	\$ 199,964	-
LYZ	189,793	247,587
TPE	136,153	173,832
WNC	130,959	150,408
HTK	271	202,493
Others	<u>252,153</u>	<u>303,688</u>
	<u>\$ 909,293</u>	<u>1,078,008</u>

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

(iii) Rental income and its outstanding balances were as follows :

	Rental Income	
	2019	2018
Associates		
NQX	\$ 1,964	2,003
NQJ	1,964	2,003
Others	<u>342</u>	<u>342</u>
	<u>\$ 4,270</u>	<u>4,348</u>

(Continued)

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	Other receivables resulted from rental	
	December 31, 2019	December 31, 2018
Associates		
NQX	\$ 331	515
NQJ	<u>331</u>	<u>171</u>
	<u>\$ 662</u>	<u>686</u>

- (iv) Property transactions and operating expenses and their outstanding balances were as follows :

	Property transaction and contribution	
	2019	2018
Associates		
LYZ	\$ 24,683	33,519
WIS	3,900	-
Others	<u>89</u>	<u>54</u>
	<u>\$ 28,672</u>	<u>33,573</u>
Contribution		
Other related party	<u>\$ 19,225</u>	<u>8,671</u>
	Other payables	
	December 31, 2019	December 31, 2018
Associate		
LYZ	<u>\$ 1,373</u>	<u>19,160</u>

- (v) Acquisition of shares

The Group acquired 100% shares of XTRKS from XTRNA with amount of \$139,830, during the fourth quarter of 2019.

- (vi) In January 2019, the Group leases factories from WNC. The leases typically run for the period of 2 years. The amount of right-of-use assets and lease liabilities recognized at the beginning were \$168,400, respectively. The amount of interest expense recognized for the year ended December 31, 2019 was \$2,310. As of December 31, 2019, lease liabilities recognized was \$143,064.

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(vii) Advances to related parties

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

	<u>Other receivables</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates		
WNC	\$ 2,814	1,043
JLH	655	643
WIS	167	315
Others	<u>157</u>	<u>158</u>
	<u>\$ 3,793</u>	<u>2,159</u>

(viii) Advances from related parties

Related parties paid certain expenses on behalf of the Group, including repair expenses, salaries, and traveling expenses were as follows:

	<u>Other payables</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates		
WITS	\$ 9,975	8,798
LYZ	9,011	5,759
Others	<u>5,754</u>	<u>2,573</u>
	<u>\$ 24,740</u>	<u>17,130</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other receivables:		
Rental receivables	\$ 662	686
Other receivables	<u>3,793</u>	<u>2,159</u>
	<u>\$ 4,455</u>	<u>2,845</u>

(Continued)

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other payables:		
Payable for acquisition of property, plant and equipment	\$ 1,373	19,160
Other payables	<u>24,740</u>	<u>17,130</u>
	<u>\$ 26,113</u>	<u>36,290</u>

(c) Transactions with key management personnel

Key management personnel compensation:

	<u>2019</u>	<u>2018</u>
Short-term employee benefits	\$ 76,796	60,230
Post-employment benefits	<u>1,888</u>	<u>1,223</u>
	<u>\$ 78,684</u>	<u>61,453</u>

(8) Pledged assets:

The carrying values of pledged assets are as follow:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other non-current assets - restricted deposits	Bank loan guarantee	\$ 30,502	155,155
Other non-current assets - restricted deposits	Stand by L/C	1,912	9,567
Other non-current assets - restricted deposits	Custom guarantee	6,021	6,147
Other non-current assets - restricted deposits	Litigation, and performance guarantee	<u>1,633</u>	<u>1,585</u>
		<u>\$ 40,068</u>	<u>172,454</u>

(9) Commitments and contingencies:

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Unused letters of credit	\$ <u>80,413</u>	<u>79,067</u>

(b) Contingencies

(i) In March 2017, Hitachi Maxell LTD (Japan) initiated an arbitration in New York City in accordance with the UNCITRAL Arbitration Rules for breach of the digital televisions related Patent License Agreement between the parties. The Group has been working closely with its U.S. attorneys to defend the case, while the Tribunal has not made the decision yet. Thus, the Group cannot predict the final result of this arbitration.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
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- (ii) In June of 2016, Alacritech filed an action against the Group in the United States District Court for the Eastern District of Texas. The accused products are servers and network interface devices. The litigation has been stayed pending the decision of the US Patent Trial and Appeal Board on IPR proceedings to review certain Alacritech's patent claims.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

- (a) The appropriation of earnings for 2019 that was approved at the Board of Directors meeting on March 24, 2020 were as follows:

	2019
Ordinary share dividends	
Cash dividends	<u>\$ 5,681,224</u>

The appropriations of earnings for 2019 are to be presented for approval in the shareholders' meeting to be held in June 2020.

- (b) The outbreak of Coronavirus pandemic (COVID-19) since early 2020, has brought the uncertainty to Group's operating environment in China, and has impacted the Group's operations and financial performance accordingly. Responding to this challenge, the Group has taken the contingency measures, including scaling up the production and building up inventories in other manufacturing sites. Due to uncertain evolving of COVID-19, the Group cannot reasonably measure the impact on its business and financial position now, but would continue to closely monitor the developments of the epidemic.

(12) Other

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

	2019			2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	18,855,508	13,113,481	31,968,989	18,286,231	11,090,099	29,376,330
Labor and health insurance	2,146,763	1,102,162	3,248,925	2,101,733	1,025,240	3,126,973
Pension	129,572	442,573	572,145	92,471	419,892	512,363
Remuneration of directors	-	92,894	92,894	-	47,050	47,050
Others	2,330,865	565,615	2,896,480	2,342,014	600,517	2,942,531
Depreciation	8,879,567	904,354	9,783,921	7,296,381	641,964	7,938,345
Amortization	12,528	287,511	300,039	10,883	300,233	311,116

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2019:

- (i) Financings provided: Please see Table 1 attached.
- (ii) Guarantee and Endorsement provided: Please see Table 2 attached.
- (iii) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 3 attached.
- (iv) Accumulated buying/selling of the same marketable securities for which the dollar amount at least \$300 million or 20% of paid-in capital : Please see Table 4 attached.
- (v) Acquisition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital : Please see Table 5 attached.
- (vi) Disposition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital : None.
- (vii) Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital : Please see Table 6 attached.
- (viii) Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital : Please see Table 7 attached.
- (ix) Derivative transactions : Please refer to Note 6(b) for related information.
- (x) Business relationships and significant inter-company transactions : Please see Table 8 attached.

(b) Information on investees:

The followings are the information on investees for the year ended December 31, 2019: Please see Table 9 attached.

(c) Information on investment in Mainland China : Please see Table 10 attached.

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Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The major activities of the Group are the design, manufacture and sale of information technology products. The chief operating decision maker of the Group determines each business group as an operating segment. According to the provisions of the accounting standard, only the “Research and Manufacturing Service Department” qualifies under the quantitative threshold criteria as a reportable segment. Other operating departments are deemed immaterial and need not be disclosed as reportable segment including the client service group and the related new business investment. The performance of the department is evaluated based on the operating profit of the Group.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations:

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. The reportable amount is similar to that in the report used by the chief operating decision maker.

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

	2019			
	<u>R&D and Manufacturing</u>	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Revenues from external customers	\$ 770,728,400	107,526,678	-	878,255,078
Segment revenues	<u>3,591,339</u>	<u>478,932</u>	<u>(4,070,271)</u>	<u>-</u>
Total revenues	\$ 774,319,739	108,005,610	(4,070,271)	878,255,078
Segment profit	\$ 12,464,851	834,994	(523,779)	12,776,066
	2018			
	<u>R&D and Manufacturing</u>	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Revenues from external customers	\$ 803,305,340	86,231,007	-	889,536,347
Segment revenues	<u>3,535,106</u>	<u>1,186,100</u>	<u>(4,721,206)</u>	<u>-</u>
Total revenues	\$ 806,840,446	87,417,107	(4,721,206)	889,536,347
Segment profit	\$ 7,874,866	2,891,150	(1,107,178)	9,658,838

(Continued)

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Notes to the Consolidated Financial Statements

(c) Geographical information

In presenting information on the basis of geography, segment assets are based on the geographical location of the assets.

Non-current assets:

<u>Geography</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Taiwan	\$ 7,481,020	6,048,039
Asia	36,286,031	38,880,665
Other countries	<u>2,776,999</u>	<u>2,235,704</u>
Total	<u>\$ 46,544,050</u>	<u>47,164,408</u>

The above non-current assets include property, plant and equipment, Right-of-use assets, intangible assets, and other non-current assets, but excluding Goodwill.

(d) Information about revenue from major customers

For the years ended December 31, 2019 and 2018, the amounts of sales to customers representing greater than 10% of net revenue were as follows:

<u>Customer</u>	<u>2019</u>		<u>2018</u>	
	<u>Net revenue</u>	<u>Percentage of net revenue %</u>	<u>Net revenue</u>	<u>Percentage of net revenue %</u>
Customer H	\$ 166,314,984	19	153,688,939	17
Customer G	140,221,187	16	141,140,593	16
Customer I	93,816,112	11	90,858,378	10
Customer D	90,628,380	10	117,668,128	13

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 1 Financing to other parties
(December 31, 2019)

No.	Financing Company	Counter - party	Financial Statement Account	Related party	Maximum Balance for the Period	Ending balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction amounts	Reasons for short - term financing	Allowance for bad debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Notes
													Item	Value			
0	The Company	WMI	Other receivables	Yes	1,413,450	1,354,770	752,650	2.50%-5.00%	2	-	Operating Capital	-	-	-	36,975,292	(Note1 - Note3 & Note15)	
1	WAKS	WOSH	Other receivables	Yes	158,060	150,530	86,180	4.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note5 & Note15)	
1	WAKS	WIZ	Other receivables	Yes	4,711,400	3,010,600	3,010,600	2.00%-3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note5 & Note15)	
1	WAKS	WRKS	Other receivables	Yes	1,100,098	1,047,689	596,099	2.00%-3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note5 & Note15)	
1	WAKS	WRKS	Other receivables	Yes	122,392	-	-	4.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note5 & Note15)	
1	WAKS	XTRKS	Other receivables	Yes	295,256	293,012	-	4.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note5 & Note15)	
2	WCO	WIZ	Other receivables	Yes	6,282,000	3,010,600	3,010,600	0.03	2	-	Operating Capital	-	-	-	73,950,584	(Note6 & Note15)	
2	WCO	WMCQ	Other receivables	Yes	226,149	150,530	81,587	3.00%-4.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note6 & Note15)	
2	WCO	WSCQ	Other receivables	Yes	948,360	903,180	570,929	2.00%-3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note6 & Note15)	
3	AHH	WETW	Other receivables	Yes	189,672	180,656	165,583	2.00%-3.00%	2	-	Operating Capital	-	-	504,106	2,016,427	(Note7 & Note15)	
3	AHH	WSPH	Other receivables	Yes	620,840	481,696	481,696	3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note7 & Note15)	
4	WCH	WGTX	Other receivables	Yes	869,176	481,696	481,696	3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note8 & Note15)	
4	WCH	WTS	Other receivables	Yes	9,484	-	-	3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note8 & Note15)	
5	Win Smart	COWIN	Other receivables	Yes	3,254,455	-	-	3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note9 & Note15)	
6	WHHK	COWIN	Other receivables	Yes	116,964	-	-	3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note10 & Note15)	
7	WHHK	COWIN	Other receivables	Yes	221,284	-	-	3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note11 & Note15)	
8	WHK	COWIN	Other receivables	Yes	63,224	60,212	60,212	3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note13 & Note15)	
9	WVS	COWIN	Other receivables	Yes	67,966	-	-	3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note12 & Note15)	
10	WCCZ	WSCZ	Other receivables	Yes	620,840	602,120	602,120	3.00%	2	-	Operating Capital	-	-	-	73,950,584	(Note14 & Note15)	

(TWD : expressed in thousands)

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

(Note 2) Financing purposes :

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

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

Individual funding loan limit vary according to the following circumstances:

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

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

(Note 5) Subsidiary - WAKS

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

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

(Note 6) Subsidiary - WCO

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

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

(Note 7) Subsidiary - AHH

(1) The total amount available for financing purposes shall not exceed 40% of AHH's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed AHH's net worth, which was audited or reviewed by Certified Public Accountant.

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

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(Note 8) Subsidiary - WCH

(1) The total amount available for financing purposes shall not exceed 40% of WCH's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed WCH's net worth, which was audited or reviewed by Certified Public Accountant.

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

(Note 9) Subsidiary - Win Smart

(1) The total amount available for financing purposes shall not exceed 40% of Win Smart's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.

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

(Note 10) Subsidiary - WCHK

(1) The total amount available for financing purposes shall not exceed 40% of WCHK's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.

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

(Note 11) Subsidiary - WHHK

(1) The total amount available for financing purposes shall not exceed 40% of WHHK's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.

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

(Note 12) Subsidiary - WVS

(1) The total amount available for financing purposes shall not exceed 40% of WVS's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.

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

(Note 13) Subsidiary - WHK

(1) The total amount available for financing purposes shall not exceed 40% of WHK's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.

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

(Note 14) Subsidiary - WCCZ

(1) The total amount available for financing purposes shall not exceed 40% of WCCZ's net worth, which was audited by Certified Public Accountant; and for the Company and those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the Company's net worth, which is audited or reviewed by Certified Public Accountant.

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

(Note 15) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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Notes to the Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties
(December 31, 2019)

No.	Endorsement/ Guarantee Provider	Counter - party of guarantee and endorsement		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2&4&10)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 1&3&10)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Notes
		Name	Relationship with the company (Note 11)											
0	The Company	WJP		22,185,175	1,180,000	774,200	774,200	-	1.05%	73,950,584	Y	N	N	(Note 12)
0	The Company	Cowin (Note 5)		22,185,175	23,709	22,580	22,580	-	0.03%	73,950,584	Y	N	N	(Note 12)
0	The Company	WZS shared with WAKS and WEKS (Note 5)		22,185,175	71,127	67,739	67,739	-	0.09%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WCCZ		22,185,175	510,844	488,037	488,037	-	0.66%	73,950,584	Y	N	N	(Note 12)
0	The Company	WOK		22,185,175	316,120	-	-	-	-	-	Y	N	Y	(Note 12)
0	The Company	WSKS		22,185,175	316,120	301,060	301,060	-	0.41%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WBR		22,185,175	885,136	842,968	842,968	-	1.14%	73,950,584	Y	N	N	(Note 12)
0	The Company	WIN		22,185,175	2,244,452	1,670,883	1,670,883	-	2.26%	73,950,584	Y	N	N	(Note 12)
0	The Company	WSSG		22,185,175	6,743,744	6,743,744	6,292,154	-	9.12%	73,950,584	Y	N	N	(Note 12)
0	The Company	WTX		22,185,175	2,054,780	1,204,240	1,204,240	-	1.63%	73,950,584	Y	N	N	(Note 12)
0	The Company	WGTX		22,185,175	648,046	617,173	617,173	-	0.83%	73,950,584	Y	N	N	(Note 12)
0	The Company	WZS		22,185,175	2,738,288	2,365,960	2,315,430	-	3.20%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WSMX		22,185,175	474,180	451,590	451,590	-	0.61%	73,950,584	Y	N	N	(Note 12)
0	The Company	WGRS		22,185,175	474,180	301,060	-	-	0.41%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WCCZ shared with WSCZ (Note 6)		22,185,175	8,345,376	8,250,062	5,750,246	-	11.16%	73,950,584	Y	N	N	(Note 12)
0	The Company	WSCO		22,185,175	126,448	-	-	-	-	-	Y	N	N	(Note 12)
0	The Company	WMKS		22,185,175	632,240	602,120	602,120	-	0.81%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WMKS shared with WTZ and WGRS (Note 7)		22,185,175	632,240	602,120	602,120	-	0.81%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WTR		22,185,175	31,612	30,106	30,106	-	0.04%	73,950,584	Y	N	N	(Note 12)
0	The Company	WOK shared with WTZ and WSKS		22,185,175	1,066,420	1,053,710	1,053,710	-	1.42%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WTZ shared with WGRS and WSKS		22,185,175	316,120	301,060	301,060	-	0.41%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WMMY shared with WEMY and WSMY		22,185,175	158,060	-	-	-	-	-	Y	N	N	(Note 12)
0	The Company	WCH		22,185,175	39,515	37,632	37,632	-	0.05%	73,950,584	Y	N	N	(Note 12)
0	The Company	AGI		22,185,175	202,000	202,000	202,000	-	0.27%	73,950,584	Y	N	N	(Note 12)
0	The Company	WSCL		22,185,175	189,672	180,636	180,636	-	0.24%	73,950,584	Y	N	N	(Note 12)
0	The Company	WSCO		22,185,175	1,959,944	1,866,572	963,392	-	2.52%	73,950,584	Y	N	Y	(Note 12)
0	The Company	ANC		22,185,175	158,060	150,530	150,530	-	0.20%	73,950,584	Y	N	N	(Note 12)
0	The Company	WCHQ		22,185,175	60,000	60,000	60,000	-	0.08%	73,950,584	Y	N	N	(Note 12)
0	The Company	WMH		22,185,175	430,775	230,106	-	-	0.31%	73,950,584	Y	N	N	(Note 12)
0	The Company	WCO shared with WMCQ		22,185,175	474,180	451,590	451,590	-	0.61%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WMI shared with WIN		22,185,175	632,240	602,120	602,120	-	0.81%	73,950,584	Y	N	N	(Note 12)
0	The Company	Cowin shared with WSPH, WCCZ, WMX and WITX (Note 8)		22,185,175	2,634,333	2,508,833	2,508,833	-	3.39%	73,950,584	Y	N	N	(Note 12)
0	The Company	WAKS shared with WEKS, WCD and WCO (Note 8)		22,185,175	2,107,467	2,007,067	2,007,067	-	2.71%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WLB		22,185,175	400,000	400,000	200,000	-	0.54%	73,950,584	Y	N	N	(Note 12)
0	The Company	WCL		22,185,175	1,200,000	1,200,000	600,000	-	1.62%	73,950,584	Y	N	N	(Note 12)
0	The Company	WMI		22,185,175	659,610	632,226	331,166	-	0.85%	73,950,584	Y	N	N	(Note 12)
0	The Company	WMMY shared with WSMY		22,185,175	1,830,780	301,060	301,060	-	0.41%	73,950,584	Y	N	N	(Note 12)
0	The Company	WMMY		22,185,175	2,408,480	2,408,480	-	-	3.26%	73,950,584	Y	N	N	(Note 12)
0	The Company	WTT		22,185,175	305,130	301,060	301,060	-	0.41%	73,950,584	Y	N	N	(Note 12)
0	The Company	WMX		22,185,175	305,130	301,060	301,060	-	0.41%	73,950,584	Y	N	N	(Note 12)
0	The Company	WETW		22,185,175	200,000	200,000	-	-	0.27%	73,950,584	Y	N	N	(Note 12)
0	The Company	Cowin shared with WSPH, WCCZ, WMX and WITX (Note 9)		22,185,175	1,956,890	1,956,890	-	-	2.65%	73,950,584	Y	N	Y	(Note 12)
0	The Company	WAKS shared with WPEKS, WZS, WCD, WCO (Note 9)		22,185,175	1,956,890	1,956,890	-	-	2.65%	73,950,584	Y	N	Y	(Note 12)
1	WYHQ	WYKS		6,065,659	158,060	-	-	-	-	10,109,432	Y	N	Y	(Note 12)

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties
(December 31, 2019)

(TWD : expressed in thousands)

No.	Endorsement/ Guarantee Provider	Counter - party of guarantee and endorsement		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2&4&10)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 1&3&10)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary in Mainland China	Notes	
		Name	Relationship with the company (Note 11)											
1	WYHQ	WYMX	2	6,065,659	196,396	196,396	196,396	-	0.97%	10,109,432	Y	N	N	(Note 12)

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

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

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

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

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

(Note 6) The credit lines shared by WCCZ and WSCZ amounted to USD 222,000,000, while the maximum credit line for WSCZ was USD 600,000.

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

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

(Note 9) The credit line shared by Cowin, WSPH, WCCZ, WMX, WITX, WAKS, WEKS, WCD and WCQ amounted to USD 130,000,000.

(Note 10) WYHQ (the operation procedure for guarantees and endorsements)

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

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

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

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

(Note 11) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.

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

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

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

(Note 12) The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 3 Market Securities Held (excluding investment in subsidiaries, associates and joint ventures)
(December 31, 2019)

Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	December 31, 2019				Notes
				Number of shares	Book value	Percentage of Ownership	Fair Value	
The company	Frunbon Chi - Hsiang Fund	-	Current financial assets at fair value through profit or loss	3,199	50,361	-	50,361	-
The company	Alpha Networks Inc.	-	Non-current financial assets at fair value through other comprehensive income	19,448	457,996	3.58%	457,996	3.58%
The company	Gamania Digital Entertainment Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,126	67,699	0.64%	67,699	0.64%
The company	Super Dragon Technology Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	5,676	107,276	5.50%	107,276	5.50%
The company	Global Lighting Technologies Inc.	-	Non-current financial assets at fair value through other comprehensive income	20,914	2,530,646	15.97%	2,530,646	15.97%
The company	ARBOR Technology Corp.	-	Non-current financial assets at fair value through other comprehensive income	4,546	104,331	7.08%	104,331	7.08%
The company	AOpen Inc.	-	Non-current financial assets at fair value through other comprehensive income	8,497	139,768	11.89%	139,768	11.89%
The company	FineMat Applied Materials Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	4,589	419,000	6.91%	419,000	7.61%
The company	Clentron Corp.	-	Non-current financial assets at fair value through other comprehensive income	917	20,031	1.44%	20,031	1.44%
The company	Plexbo Corporation, LTD	-	Non-current financial assets at fair value through other comprehensive income	1,227	13,565	1.76%	13,565	1.76%
The company	Howe advanced Ltd.	-	Non-current financial assets at fair value through other comprehensive income	4,000	-	13.91%	-	13.91%
The company	ABC-KY	-	Non-current financial assets at fair value through other comprehensive income	2,150	25,419	2.97%	25,419	4.50%
The company	Litee Systems, Ltd.	-	Non-current financial assets at fair value through other comprehensive income	2,143	-	22.27%	-	22.27%
The company	Zeo Inc.	-	Non-current financial assets at fair value through other comprehensive income	779	-	6.57%	-	6.57%
The company	DDD Group P.L.C	-	Non-current financial assets at fair value through other comprehensive income	9,920	-	4.93%	-	4.93%
The company	Janus Technologies, Inc.	-	Non-current financial assets at fair value through other comprehensive income	864	-	4.01%	-	4.01%
The company	Vmedia Research	-	Non-current financial assets at fair value through other comprehensive income	2,000	-	7.69%	-	7.69%
The company	Tube Inc.	-	Non-current financial assets at fair value through other comprehensive income	17,009	57,353	22.08%	57,353	22.08%
The company	Audio Design Experts, Inc.	-	Non-current financial assets at fair value through other comprehensive income	546	-	18.69%	-	18.69%
The company	Tactus Technology, Inc.	-	Non-current financial assets at fair value through other comprehensive income	7	-	0.05%	-	0.05%
The company	Audlog, Inc.	-	Non-current financial assets at fair value through other comprehensive income	3,536	-	16.26%	-	17.38%
The company	Vider, Inc.	-	Non-current financial assets at fair value through other comprehensive income	226	57,708	3.32%	57,708	3.58%
The company	Scenera, Inc.	-	Non-current financial assets at fair value through other comprehensive income	645	4,370	12.89%	4,370	14.93%
The company	IP Cathay II, L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	3,290	6.45%	3,290	6.45%
The company	JP Fund Six Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	6,000	52,162	10.71%	52,162	10.71%
The company	Corsa Fund 2012, L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	9,282	20.00%	9,282	20.00%
The company	Jafco AT Fund VII, L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	233,685	6.67%	233,685	6.67%
The company	Kitbou Fund L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	44,047	12.78%	44,047	12.78%
The company	Fenox Venture Company XIV, L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	4,125	99.00%	4,125	99.00%
The company	Verex V (C.I.) Fund L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	73,155	3.11%	73,155	3.50%
The company	China Renewable Energy Fund, LP	-	Non-current financial assets at fair value through other comprehensive income	-	174,640	9.01%	174,640	9.02%
The company	JAFCO Taiwan I Venture Capital L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	19,354	5.74%	19,354	5.74%
The company	Litee Systems, Ltd.	-	Non-current financial assets at fair value through profit or loss	-	136,114	-	136,114	-
AIH	Advance Powered & Energy Semiconductor, Inc.	-	Non-current financial assets at fair value through other comprehensive income	23,375	-	19.26%	-	19.26%
WCHK	Dell technologies Inc.	-	Non-current financial assets at fair value through other comprehensive income	364	81,166	0.05%	81,166	0.05%
WCL	Alpha Networks Inc.	-	Non-current financial assets at fair value through other comprehensive income	3,892	91,645	0.72%	91,645	0.72%
WCL	Howe advanced Ltd.	-	Non-current financial assets at fair value through other comprehensive income	500	-	1.74%	-	1.74%
WCL	Clentron Corp.	-	Non-current financial assets at fair value through other comprehensive income	626	13,681	0.98%	13,681	0.98%
WCL	Vmedia Research	-	Non-current financial assets at fair value through other comprehensive income	324	-	1.25%	-	1.25%
WCL	ARBOR Technology Corp.	-	Non-current financial assets at fair value through other comprehensive income	1,948	40,178	3.03%	40,178	3.03%
WCL	Urmo-CV Inc.	-	Non-current financial assets at fair value through other comprehensive income	2,467	3,863	4.22%	3,863	5.42%
WCL	ABC - KY	-	Non-current financial assets at fair value through other comprehensive income	1,725	20,389	2.39%	20,389	2.78%
WCL	FI	-	Non-current financial assets at fair value through other comprehensive income	365	-	13.95%	-	13.95%
WCL	feilhebeat Holdings Limited	-	Non-current financial assets at fair value through other comprehensive income	13	-	9.29%	-	9.29%
WCL	AOpen Inc.	-	Non-current financial assets at fair value through other comprehensive income	1,042	15,333	1.46%	15,333	1.46%
WCL	FineMat Applied Materials Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	302	27,579	0.46%	27,579	0.50%
WCL	Bionspira, Inc.	-	Non-current financial assets at fair value through other comprehensive income	4,040	16,420	17.60%	16,420	17.60%

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 3 Market Securities Held (excluding investment in subsidiaries, associates and joint ventures)
 (December 31, 2019)

(TWD : expressed in thousands)

Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	December 31, 2019			Highest percentage of shares during the period	Notes
				Number of shares	Book value	Percentage of Ownership		
WCL	Unity Opro Technology co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	5,263	32,314	1.14%	32,314	-
WCL	HIROIA COMMUNICATIONS PTE. LTD.	-	Non-current financial assets at fair value through other comprehensive income	467	13,765	14.29%	13,765	-
WCL	APPWORKS FUND II CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	6,490	181,736	8.15%	181,736	-
WCL	APPWORKS FUND III CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	5,250	48,374	14.83%	48,374	-
WCL	LUCID VR, INC.	-	Non-current financial assets at fair value through profit or loss	-	20,050	-	20,050	-
WCL	featherbear Holdings Limited	-	Non-current financial assets at fair value through profit or loss	-	16,472	-	16,472	-
WDH	MOBAGEL, INC.	-	Non-current financial assets at fair value through other comprehensive income	846	53,160	6.59%	53,160	-
Win Smart	Keen High Technologies Ltd	-	Non-current financial assets at fair value through other comprehensive income	8,716	-	15.17%	-	-
WMH	Adimics Biotechnology(Cayman) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	15,000	11,745	16.67%	11,745	-
WMH	Apollo Medical Optics Inc.	-	Non-current financial assets at fair value through other comprehensive income	6,667	51,480	20.21%	51,480	-
WMH	Huku Biotechnology Corporation	-	Non-current financial assets at fair value through other comprehensive income	375	7,914	11.43%	7,914	-
WMH	Spartan Bioscience Inc.	-	Non-current financial assets at fair value through other comprehensive income	1,273	1,995	2.76%	1,995	-
WMH	B-Terna Inc.	-	Non-current financial assets at fair value through other comprehensive income	1,827	-	20.86%	-	-
WMH	Plexbio Corporation, LTD	-	Non-current financial assets at fair value through other comprehensive income	1,500	16,578	1.46%	16,578	-
WMH	DIAGNOSTICS FOR THE REAL WORLD LIMITED	-	Non-current financial assets at fair value through other comprehensive income	267	19,453	4.80%	19,453	-
WMH	U.S. Biomics Inc.	-	Non-current financial assets at fair value through other comprehensive income	927	54,324	16.93%	54,324	-
WMH	Hikart Fund L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	28,875	12.00%	28,875	-
WMH	Pacific 8 Ventures Fund L.L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	73,127	17.82%	73,127	-
WMH	B-Terna Inc.	-	Non-current financial assets at fair value through profit or loss	-	47,620	-	47,620	-
WMH	ANIWEAR Company Limited	-	Non-current financial assets at fair value through other comprehensive income	2	31,023	7.96%	31,023	-
WMH	VSENSE CO., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	600	137	3.66%	137	-

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 4. Accumulated buying/selling of the same marketable securities for which the dollar amount at least \$300 million or 20% of paid-in capital (December 31, 2019)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Relationship with the Company	Beginning balance		Acquisition		Disposal		Ending balance		Notes
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Gain/Loss on Disposal	Shares/Units	
WAKS	Bank Of Communications Co., Ltd. - RMB Structured deposits of Bank of Communications-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	388,810	-	-	388,810	741	-	-	-
WCD	Bank Of China- Guaranteed RMB Financial Anqi lei fang-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	486,008	-	-	486,008	1,367	-	-	-
WCD	INDUSTRIAL BANK-XING YE YIN HANG QI YE JIN KONG JIE GOU XING CUN KUAN-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	1,313,359	-	-	1,313,359	3,514	-	-	-
WCD	FUBON BANK (CHINA) CO., LTD-SDRMBC Structured deposits-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	525,698	-	-	525,698	1,718	-	-	-
WCQ	Huaxia Bank Co., Ltd. - Huixing RMB Unit Structured Deposit-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	301,630	-	-	302,644	1,042	-	-	-
WCQ	INDUSTRIAL BANK-XING YE YIN HANG QI YE JIN KONG JIE GOU XING CUN KUAN-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	538,625	-	-	539,571	971	-	-	-
WEKS	Xiamen Bank Company Limited- Structured deposits-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	1,672,754	-	-	1,679,167	6,386	-	-	-
WEKS	Kaohsiung Rural Commercial Bank-company-guaranteed revenue for Structured Deposit-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	2,705,898	-	-	2,709,594	5,850	-	-	-
Win Smart	WIC	Equity-accounted investees	(Note 2)	subsidiary	-	3,117,440	-	-	-	-	-	9,300,355	(Note 1)
WIC	WEKS	Equity-accounted investees	(Note 2)	subsidiary	-	3,055,830	-	-	-	-	-	9,416,469	(Note 1)
WMKS	Shanghai Pudong Development Bank- Structured Deposit-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	646,350	-	-	650,967	4,795	-	-	-
WMKS	China Citic Bank - RMB Financial Product OF CHINA CITIC BANK	Current financial assets at fair value through profit or loss	-	-	-	2,283,770	-	-	2,303,378	20,362	-	-	-
WSSG	WMI	Equity-accounted investees	(Note 2)	subsidiary	180,801	775,814	199,136	862,402	-	-	-	379,937	(Note 1)
WTZ	Uphrow Morgan money market funds	Current financial assets at fair value through profit or loss	-	-	-	74,000	318,866	74,000	319,681	318,866	887	-	-
WTZ	Uphrow Morgan money market funds	Current financial assets at fair value through profit or loss	-	-	-	592,300	2,552,221	592,300	2,554,785	2,552,221	2,663	-	-
WZS	Uphrow Morgan money market funds	Current financial assets at fair value through profit or loss	-	-	-	831,000	3,580,779	831,000	3,584,854	3,580,779	4,184	-	-
WZS	ICBC credit Suisse salary money market funds	Current financial assets at fair value through profit or loss	-	-	-	915,000	3,942,735	915,000	3,948,964	3,942,735	6,393	-	-
WZS	Bank Of Communications Co., Ltd. - Bank of communications yunhong wealth demand structured deposit-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	1,867,090	-	-	1,867,736	664	-	-	-
WZS	Bank Of Communications Co., Ltd. - RMB Structured deposits of Bank of Communications-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	9,522,890	-	-	9,556,736	34,754	-	-	-
WZS	FUBON BANK (CHINA) CO., LTD-SDRMBC Structured deposits-RMB Financial Product	Current financial assets at fair value through profit or loss	-	-	-	488,210	-	-	490,063	1,903	-	-	-

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

(Note 2) Issuance of common stock for cash.

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of paid - in capital
 (December 31, 2019)

(TWD : expressed in thousands)

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party		Price Reference	Purpose of Acquisition	Other Terms
							Owner	Transfer Date			
WEKS	Fixed asset-Comprehensive Free Trade Zone C property and plant	2019/10/4	1,108,530	unpaid USD:3,177,509.06	-	-	-	-	-	-	-

WISTRON CORPORATION AND SUBSIDIARIES

Note to the Consolidated Financial Statements

Table 6 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid - in capital (December 31, 2019)

Company Name	Related Party	Relationship	Transaction details			Abnormal Transaction			(TWD : expressed in thousands)		
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total accounts / Note receivable (payable)	Note
The company	AIH	Parent - subsidiary company	Sales	160,886,654	21.87%	OA90	-	-	38,407,278	17.29%	Note
The company	WYHQ	Parent - subsidiary company	Sales	34,814,022	4.73%	OA45	-	-	7,094,440	3.19%	Note
The company	WITX	Parent - subsidiary company	Sales	29,019,380	3.94%	OA150	-	-	11,672,419	5.25%	Note
The company	WIN	Parent - subsidiary company	Sales	7,418,251	1.01%	OA120	-	-	3,729,443	1.68%	Note
The company	WIX	Parent - subsidiary company	Sales	2,838,338	0.39%	OA90	-	-	996,498	0.45%	Note
The company	WCCZ	Parent - subsidiary company	Sales	2,762,521	0.38%	OA120	-	-	3,872,325	1.74%	Note
The company	WSCZ	Parent - subsidiary company	Sales	1,735,560	0.24%	OA90	-	-	465,280	0.21%	Note
The company	WJP	Parent - subsidiary company	Sales	903,016	0.12%	OA90	-	-	409,228	0.18%	Note
The company	WSSG	Parent - subsidiary company	Sales	899,491	0.12%	OA90	-	-	277,584	0.12%	Note
The company	WMKS	Parent - subsidiary company	Sales	816,680	0.11%	OA90	-	-	238,958	0.11%	Note
The company	FPI	Associates	Sales	754,662	0.10%	OA120	-	-	240,567	0.11%	-
The company	WOSH	Parent - subsidiary company	Sales	452,551	0.06%	OA90	-	-	-	-	-
The company	WIS	Associates	Sales	321,250	0.04%	OA60	-	-	200,749	0.09%	-
The company	WSMX	Parent - subsidiary company	Sales	142,051	0.02%	OA60	-	-	28,511	0.01%	Note
The company	COWIN	Parent - subsidiary company	Purchases	144,469,947	20.37%	OA90	-	-	(34,685,406)	17.15%	Note
The company	WEKS	Parent - subsidiary company	Purchases	142,342,997	20.07%	OA90	-	-	(27,171,146)	13.43%	Note
The company	WCD	Parent - subsidiary company	Purchases	125,171,940	17.65%	OA30	-	-	(19,651,554)	9.72%	Note
The company	WCO	Parent - subsidiary company	Purchases	102,400,707	14.44%	OA90	-	-	(23,033,264)	11.39%	Note
The company	WAKS	Parent - subsidiary company	Purchases	74,690,303	10.53%	OA90	-	-	(16,182,067)	8.00%	Note
The company	WOK	Parent - subsidiary company	Purchases	72,364,702	10.21%	OA90	-	-	(14,878,762)	7.36%	Note
The company	WSCO	Parent - subsidiary company	Purchases	7,140,144	1.01%	OA60	-	-	(908,172)	0.45%	Note
The company	WCCZ	Parent - subsidiary company	Purchases	6,419,905	0.91%	OA90	-	-	(6,515,231)	3.22%	Note
The company	WIN	Parent - subsidiary company	Purchases	5,591,402	0.79%	OA60	-	-	(726,310)	0.36%	Note
The company	WSKS	Parent - subsidiary company	Purchases	3,276,779	0.46%	OA60	-	-	(846,495)	0.42%	Note
The company	WYHQ	Parent - subsidiary company	Purchases	2,159,406	0.30%	OA90	-	-	(2,272,006)	1.12%	Note
The company	WSPH	Parent - subsidiary company	Purchases	1,494,336	0.21%	OA30	-	-	(313,717)	0.16%	Note
The company	FPI	Associates	Purchases	1,460,873	0.21%	OA50	-	-	(199,964)	0.10%	-
The company	WITZ	Parent - subsidiary company	Purchases	922,406	0.13%	OA60	-	-	(40,335)	0.02%	Note
The company	WITX	Parent - subsidiary company	Purchases	179,138	0.03%	OA90	-	-	-	-	-
The company	The company	Parent - subsidiary company	Sales	141,346	28.96%	OA90	-	-	12,292	18.71%	Note
AGI	COWIN	Related company	Sales	610,428	0.37%	OA90	-	-	551,996	1.66%	Note
AIH	WAKS	Related company	Sales	222,015	0.13%	OA90	-	-	42,680	1.13%	Note
AIH	WCO	Related company	Sales	2,556,420	1.54%	OA90	-	-	338,582	1.02%	Note
AIH	WCD	Related company	Sales	125,629	0.08%	OA90	-	-	32,655	0.10%	Note
AIH	The company	Parent - subsidiary company	Purchases	160,886,654	98.09%	OA90	-	-	(38,407,278)	98.64%	Note
COWIN	The company	Parent - subsidiary company	Sales	144,469,947	97.98%	OA90	-	-	34,685,406	72.38%	Note
COWIN	WITZ	Related company	Sales	1,817,659	1.24%	OA90	-	-	543,226	1.31%	Note
COWIN	WCO	Related company	Sales	110,389	0.08%	OA90	-	-	62,551	0.15%	Note
COWIN	WCD	Related company	Sales	404,035	0.28%	OA90	-	-	80,302	0.19%	Note
COWIN	WZS	Parent - subsidiary company	Purchases	145,720,042	99.86%	OA90	-	-	(15,777,714)	47.61%	Note
WAKS	AIH	Related company	Purchases	222,015	0.30%	OA90	-	-	(42,680)	0.24%	Note
WAKS	The company	Parent - subsidiary company	Sales	74,690,303	97.34%	OA90	-	-	16,182,067	94.92%	Note
WAKS	WITX	Related company	Sales	140,611	0.07%	OA90	-	-	53,079	0.31%	Note
WAKS	WKS	Related company	Sales	1,428,679	0.68%	OA60	-	-	510,805	3.00%	Note
WAKS	WOSH	Related company	Sales	215,303	0.29%	OA90	-	-	215,405	1.27%	Note
WBR	WYUDE	Related company	Purchases	1,080,083	85.37%	OA90	-	-	(414,218)	86.54%	Note

WISTRON CORPORATION AND SUBSIDIARIES
Note to the Consolidated Financial Statements

Table 6 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid - in capital (December 31, 2019)

(TWD : expressed in thousands)

Company Name	Related Party	Relationship	Transaction details			Abnormal Transaction			Account/Note receivable (payable)		Note
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total accounts / Note receivable (payable)	
WCCZ	The company	Parent - subsidiary company	Purchases	2,762,521	14.41%	OA120	-	-	(3,872,325)	99.00%	Note
WCCZ	The company	Parent - subsidiary company	Sales	6,419,905	26.69%	OA90	-	-	6,515,231	91.31%	Note
WCCZ	WYHO	Related company	Sales	17,654,015	71.96%	OA45	-	-	-	-	Note
WCCZ	WYUDE	Related company	Sales	200,795	0.82%	OA45	-	-	-	-	Note
WCD	WCQ	Related company	Purchases	1,147,353	0.84%	OA90	-	-	(1,006,459)	3.33%	Note
WCD	The company	Parent - subsidiary company	Sales	125,171,940	97.25%	OA30	-	-	19,651,554	91.07%	Note
WCD	WSKS	Related company	Sales	1,037,621	0.80%	OA60	-	-	296,583	1.38%	Note
WCD	WCQ	Related company	Sales	1,137,613	0.88%	OA90	-	-	1,002,482	4.65%	Note
WCD	WSPH	Related company	Sales	1,344,809	1.04%	OA90	-	-	610,586	2.83%	Note
WCD	AIH	Related company	Purchases	125,629	0.09%	OA90	-	-	(32,655)	0.11%	Note
WCD	WNC	Associates	Purchases	174,823	0.13%	OA90	-	-	(57,157)	0.19%	-
WCD	COWIN	Related company	Purchases	404,035	0.30%	OA90	-	-	(80,302)	0.27%	Note
WCCQ	AIH	Related company	Purchases	2,556,420	3.00%	OA90	-	-	(338,582)	2.00%	Note
WCCQ	T-CONN	Associates	Purchases	156,053	0.22%	OA90	-	-	(44,094)	0.14%	-
WCCQ	WCD	Related company	Purchases	1,137,613	1.00%	OA90	-	-	(1,002,482)	4.00%	Note
WCCQ	WSCQ	Related company	Purchases	133,443	0.19%	OA90	-	-	(78,289)	0.25%	Note
WCCQ	COWIN	Related company	Purchases	110,389	0.16%	OA90	-	-	(62,551)	0.20%	Note
WCCQ	The company	Parent - subsidiary company	Sales	102,400,707	98.00%	OA90	-	-	23,033,264	93.00%	Note
WCCQ	WCD	Related company	Sales	1,147,353	1.00%	OA90	-	-	1,006,459	5.00%	Note
WCCQ	WSCQ	Related company	Sales	966,037	1.00%	OA90	-	-	219,442	1.00%	Note
WEKS	The company	Parent - subsidiary company	Sales	142,342,997	100.00%	OA90	-	-	27,171,146	100.00%	Note
WEKS	WIN	Related company	Purchases	146,140	0.11%	OA60	-	-	(9,722)	0.31%	Note
WIN	The company	Parent - subsidiary company	Purchases	7,418,251	89.59%	OA120	-	-	(3,729,443)	98.17%	Note
WIN	The company	Parent - subsidiary company	Sales	5,591,402	58.01%	OA60	-	-	726,310	45.38%	Note
WIN	WEKS	Related company	Sales	146,140	1.55%	OA60	-	-	9,722	0.61%	Note
WITX	The company	Parent - subsidiary company	Purchases	29,019,380	97.24%	OA150	-	-	(11,672,419)	65.15%	Note
WITX	WAKS	Related company	Purchases	140,611	0.47%	OA90	-	-	(53,079)	0.30%	Note
WITX	The company	Parent - subsidiary company	Sales	179,138	0.59%	OA90	-	-	-	-	Note
WIP	The company	Parent - subsidiary company	Purchases	903,016	99.01%	OA90	-	-	(409,228)	97.71%	Note
WMAKS	The company	Parent - subsidiary company	Purchases	816,680	52.05%	OA90	-	-	(238,958)	80.05%	Note
WMX	WTTT	Related company	Sales	389,054	28.00%	OA90	-	-	258,516	68.23%	Note
WOK	The company	Parent - subsidiary company	Sales	72,364,702	99.88%	OA90	-	-	14,878,762	98.85%	Note
WOSH	WAKS	Related company	Purchases	215,303	26.33%	OA90	-	-	(215,405)	99.91%	Note
WOSH	The company	Parent - subsidiary company	Purchases	452,551	59.26%	OA90	-	-	-	-	Note
WOSH	WTZ	Related company	Purchases	107,541	14.37%	OA90	-	-	-	-	Note
WRKS	The company	Parent - subsidiary company	Sales	532,066	100.00%	OA90	-	-	-	-	Note
WSCQ	The company	Parent - subsidiary company	Sales	7,140,144	97.64%	OA60	-	-	908,172	91.96%	Note
WSCQ	WCQ	Related company	Sales	133,443	1.83%	OA90	-	-	78,289	7.90%	Note
WSCQ	WCQ	Related company	Purchases	966,037	12.58%	OA90	-	-	(219,442)	13.07%	Note
WSCZ	The company	Parent - subsidiary company	Purchases	1,735,560	40.91%	OA90	-	-	(465,280)	56.91%	Note
WSKS	WAKS	Related company	Purchases	1,428,679	51.24%	OA60	-	-	(510,805)	57.88%	Note
WSKS	WCD	Related company	Purchases	1,037,621	37.28%	OA60	-	-	(296,583)	33.60%	Note
WSKS	The company	Parent - subsidiary company	Sales	3,276,779	95.21%	OA60	-	-	846,495	98.50%	Note
WSMX	The company	Parent - subsidiary company	Purchases	142,051	40.00%	OA60	-	-	(28,511)	35.64%	Note
WSPH	COWIN	Related company	Purchases	114,080	7.30%	OA60	-	-	(24,613)	3.56%	Note

WISTRON CORPORATION AND SUBSIDIARIES

Note to the Consolidated Financial Statements

Table 6 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid - in capital (December 31, 2019)

Company Name	Related Party	Relationship	Transaction details			Abnormal Transaction		(TWD : expressed in thousands)		Note
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment Terms	Unit price	Balance	Percentage of total accounts / Note receivable (payable)	
WSPH	WCD	Related company	Purchases	1,344,809	78.70%	OA90	-	(610,586)	90.68%	Note
WSPH	The company	Parent - subsidiary company	Sales	1,499,336	96.25%	OA30	-	313,717	91.16%	Note
WSSG	The company	Parent - subsidiary company	Purchases	899,491	32.22%	OA90	-	(277,584)	58.77%	Note
WTX	The company	Parent - subsidiary company	Purchases	2,838,338	84.81%	OA90	-	(996,498)	87.96%	Note
WTZ	The company	Parent - subsidiary company	Sales	922,406	25.69%	OA60	-	40,335	4.94%	Note
WTZ	WOSH	Related company	Sales	107,541	3.04%	OA90	-	-	-	Note
WTZS	WZS	Related company	Purchases	651,998	21.32%	OA90	-	(373,216)	39.88%	Note
WTZS	COWIN	Related company	Purchases	1,817,659	78.64%	OA90	-	(543,226)	60.12%	Note
WTZS	The company	Parent - subsidiary company	Sales	555,391	15.54%	OA90	-	120,375	9.35%	Note
WTZS	WZS	Related company	Sales	635,226	17.77%	OA90	-	347,005	26.96%	Note
WYHK	WYHQ	Parent - subsidiary company	Purchases	2,195,437	100.00%	OA90	-	(344,873)	100.00%	Note
WYHQ	WYUDE	Parent - subsidiary company	Sales	34,020,134	45.43%	OA120	-	13,545,567	66.77%	Note
WYHQ	WYJP	Parent - subsidiary company	Sales	1,736,653	2.32%	OA90	-	798,060	3.93%	Note
WYHQ	WYKR	Parent - subsidiary company	Sales	533,482	0.71%	OA90	-	115,571	0.57%	Note
WYHQ	WYHK	Parent - subsidiary company	Sales	2,195,437	2.93%	OA90	-	344,873	1.70%	Note
WYHQ	WYKS	Parent - subsidiary company	Sales	568,281	0.76%	OA90	-	315,474	1.55%	Note
WYHQ	The company	Parent - subsidiary company	Purchases	31,669,868	51.09%	OA45	-	(7,062,840)	66.19%	Note
WYHQ	WCCZ	Related company	Purchases	15,865,298	25.59%	OA45	-	-	-	Note
WYJP	WYHQ	Parent - subsidiary company	Purchases	1,736,653	100.00%	OA90	-	(798,060)	100.00%	Note
WYKR	WYHQ	Parent - subsidiary company	Purchases	533,482	100.00%	OA90	-	(115,571)	100.00%	Note
WYKS	WYHQ	Parent - subsidiary company	Purchases	568,281	100.00%	OA90	-	(315,474)	100.00%	Note
WYUDE	WBR	Related company	Sales	1,023,889	0.84%	OA120	-	414,146	5.10%	Note
WYUDE	WMX	Related company	Purchases	1,012,202	0.78%	OA90	-	(172,349)	1.01%	Note
WYUDE	The company	Parent - subsidiary company	Purchases	1,817,556	1.41%	OA45	-	(18,712)	0.11%	Note
WYUDE	WCCZ	Related company	Purchases	204,157	0.16%	OA45	-	-	-	Note
WYUDE	WYHQ	Parent - subsidiary company	Purchases	34,020,134	26.12%	OA120	-	(13,545,567)	79.19%	Note
WZS	LYZ	Associates	Purchases	371,923	0.28%	OA120	-	(189,793)	0.81%	-
WZS	COWIN	Parent - subsidiary company	Purchases	87,532,739	65.80%	OA90	-	(10,782,706)	45.81%	Note
WZS	HYZS	Associates	Purchases	228,500	0.17%	OA60	-	(66,928)	0.28%	-
WZS	WZS	Associates	Purchases	154,628	0.12%	OA90	-	(56,066)	0.24%	-
WZS	COWIN	Parent - subsidiary company	Sales	145,720,042	97.19%	OA90	-	15,777,714	92.09%	Note
WZS	WTZS	Related company	Sales	651,998	0.43%	OA90	-	373,216	2.18%	Note

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

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 7 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid - in capital (December 31, 2019)

(TWD : expressed in thousands)

Company Name	Related Party	Relationship	Balance of receivables from related party	Turnover rate	Past - due receivables from related party		Amounts Received in Subsequent Period	Allowances for bad debt	Note
					Amount	Action taken			
The company	AIH	Parent - subsidiary company	38,407,278	445.21%	59,396	Collecting	26,279,527	-	Note
The company	WEKS	Parent - subsidiary company	27,168,121	-	-	-	9,935,039	-	Note
The company	WCQ	Parent - subsidiary company	21,900,443	0.12%	8,596	Collecting	6,021,509	-	Note
The company	WOK	Parent - subsidiary company	18,456,806	-	-	-	7,526,458	-	Note
The company	WITX	Parent - subsidiary company	11,672,419	196.21%	4,441,119	Collecting	5,721,237	-	Note
The company	WYHQ	Parent - subsidiary company	7,094,440	841.08%	567,527	Collecting	6,790,936	-	Note
The company	COWIN	Parent - subsidiary company	6,558,313	0.39%	-	-	1,329,321	-	Note
The company	WCD	Parent - subsidiary company	5,399,421	-	2,468,380	Collecting	2,477,379	-	Note
The company	WAKS	Parent - subsidiary company	5,234,854	0.22%	375	Collecting	1,806,379	-	Note
The company	WCCZ	Parent - subsidiary company	3,872,325	76.40%	3,703,009	Collecting	1,749,744	-	Note
The company	WIN	Parent - subsidiary company	3,729,443	229.74%	1,685,589	Collecting	503,274	-	Note
The company	WITX	Parent - subsidiary company	996,498	226.75%	391,486	Collecting	242,605	-	Note
The company	WTZ	Parent - subsidiary company	777,883	0.26%	164,662	Collecting	47,454	-	Note
The company	WSCZ	Parent - subsidiary company	465,280	487.52%	-	-	163,301	-	Note
The company	WJP	Parent - subsidiary company	409,228	270.03%	165,519	Collecting	39,014	-	Note
The company	WSSG	Parent - subsidiary company	277,584	342.39%	-	-	23,306	-	Note
The company	FPI	Associates	240,567	623.70%	-	-	104,705	-	-
The company	WMKS	Parent - subsidiary company	238,958	348.58%	-	-	92,961	-	Note
The company	WIS	Associates	200,749	306.73%	63,663	Collecting	93,926	-	-
AIH	COWIN	Related company	551,996	212.87%	-	-	136,489	-	Note
AIH	WCQ	Related company	338,582	553.91%	-	-	249,186	-	Note
COWIN	WZS	Parent - subsidiary company	10,782,706	0.74%	-	-	8,538,828	-	Note
COWIN	The company	Parent - subsidiary company	34,685,406	420.15%	-	-	7,470,552	-	Note
COWIN	WTZS	Related company	543,226	323.65%	-	-	180,216	-	Note
WAKS	The company	Parent - subsidiary company	16,182,067	418.02%	-	-	13,241,492	-	Note
WAKS	WKS	Related company	510,805	306.93%	-	-	-	-	Note
WAKS	WOSH	Related company	215,405	194.69%	-	-	-	-	Note
WCCZ	The company	Parent - subsidiary company	6,515,231	195.67%	-	-	2,706,474	-	Note
WCD	The company	Parent - subsidiary company	19,651,554	656.46%	-	-	19,608,492	-	Note
WCD	WKS	Related company	296,583	443.17%	-	-	224,794	-	Note
WCD	WCQ	Related company	1,002,482	218.20%	-	-	152,315	-	Note

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 7 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid - in capital (December 31, 2019)

Company Name	Related Party	Relationship	Balance of receivables from related party	Turnover rate	Past - due receivables from related party		Amounts Received in Subsequent Period	Allowances for bad debt	Note
					Amount	Action taken			
WCD	WSPH	Related company	610,586	418.80%	-	-	267,285	-	Note
WCQ	The company	Parent - subsidiary company	23,033,264	366.06%	-	-	10,416,268	-	Note
WCQ	WCD	Related company	1,006,459	218.56%	-	-	510,752	-	Note
WCQ	WSCQ	Related company	219,442	556.41%	-	-	113,632	-	Note
WEKS	The company	Parent - subsidiary company	27,171,146	1324.49%	-	-	21,466,016	-	Note
WIN	The company	Parent - subsidiary company	726,310	1435.79%	-	-	153,354	-	Note
WMX	WITT	Related company	258,516	248.32%	28,287	Collecting	-	-	Note
WMX	WYUDE	Related company	172,311	728.48%	-	-	-	-	Note
WOK	The company	Parent - subsidiary company	14,878,762	415.45%	-	-	9,230,405	-	Note
WSCQ	The company	Parent - subsidiary company	908,172	699.60%	-	-	798,100	-	Note
WSKS	The company	Parent - subsidiary company	846,495	403.57%	-	-	463,632	-	Note
WSPH	The company	Parent - subsidiary company	313,717	721.09%	-	-	251,943	-	Note
WTZS	The company	Parent - subsidiary company	120,375	421.43%	-	-	39,125	-	Note
WTZS	WZS	Related company	347,005	352.56%	-	-	347,005	-	Note
WYHQ	WYUDE	Parent - subsidiary company	13,545,567	329.86%	467	Collecting	1,094,972	-	Note
WYHQ	WYJP	Parent - subsidiary company	798,060	311.91%	-	-	794,653	-	Note
WYHQ	WYKR	Parent - subsidiary company	115,571	532.49%	-	-	73,654	-	Note
WYHQ	WYHK	Parent - subsidiary company	344,873	1193.78%	-	-	122,524	-	Note
WYHQ	WYKS	Parent - subsidiary company	315,474	159.52%	36,219	Collecting	174,752	-	Note
WYUDE	WBR	Related company	414,146	480.53%	-	-	199,787	-	Note
WZS	COWIN	Parent - subsidiary company	15,777,714	727.26%	361	Collecting	12,964,699	-	Note
WZS	WTZS	Related company	373,216	281.04%	172,884	Collecting	128,240	-	Note
Other receivable									
The company	WMI	Parent - subsidiary company	758,171	-	-	-	-	-	Note
The company	WITX	Parent - subsidiary company	344,988	-	-	-	-	-	Note
The company	WIN	Parent - subsidiary company	156,857	-	-	-	-	-	Note
AIH	WSPH	Related company	481,696	-	-	-	-	-	Note
AIH	WETW	Related company	169,296	-	-	-	169,296	-	Note
AIH	The company	Parent - subsidiary company	390,757	-	-	-	159,246	-	Note
WAKS	WTZ	Related company	3,011,573	-	-	-	-	-	Note
WAKS	WGKS	Related company	596,291	-	-	-	-	-	Note

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 7 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid - in capital
(December 31, 2019)

(TWD : expressed in thousands)

Company Name	Related Party	Relationship	Balance of receivables from related party	Turnover rate	Past - due receivables from related party		Amounts Received in Subsequent Period	Allowances for bad debt	Note
					Amount	Action taken			
WCCZ	WSCZ	Related company	600,226	-	-	-	-	-	Note
WCH	WGTX	Related company	481,696	-	-	-	-	-	Note
WCQ	WTZ	Related company	3,011,573	-	-	-	-	-	Note
WCQ	WSCQ	Related company	571,763	-	-	-	338	-	Note
WITT	WITX	Related company	282,165	-	-	-	117,465	-	Note
WYHQ	The company	Parent - subsidiary company	2,271,900	-	-	-	-	-	Note
WYUDE	WYHQ	Parent - subsidiary company	284,179	-	-	-	91,729	-	Note

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

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Business relationships and significant inter - company transactions
(December 31, 2019)

(TWD : expressed in thousands)

No.	Company Name	Related Party	Existing relationship with counter - party (Note 1)	Transaction details during 2019				Payment Terms	Percentage of consolidated sales revenue and total assets (Note 2)
				Financial Statements Item	Amount	Amount	Percentage		
0	The company	AIHH	1	Sales	160,886,654	OA90	18.32%		
0	The company	WYHQ	1	Sales	34,814,022	OA45	3.96%		
0	The company	WITX	1	Sales	29,019,380	OA150	3.30%		
0	The company	WIN	1	Sales	7,418,251	OA120	0.84%		
0	The company	WITX	1	Sales	2,838,338	OA90	0.32%		
0	The company	WCCZ	1	Sales	2,762,521	OA120	0.31%		
0	The company	WSCZ	1	Sales	1,735,560	OA90	0.20%		
0	The company	WIP	1	Sales	903,016	OA90	0.10%		
0	The company	WSSG	1	Sales	899,491	OA90	0.10%		
0	The company	WMKS	1	Sales	816,680	OA90	0.09%		
0	The company	WOSH	1	Sales	452,551	OA90	0.05%		
0	The company	WSMX	1	Sales	142,051	OA60	0.02%		
0	The company	AIHH	1	Account Receivable	38,407,278	OA90	11.16%		
0	The company	WEKS	1	Account Receivable	27,168,121	OA180	7.89%		
0	The company	WCQ	1	Account Receivable	21,900,443	OA90	6.36%		
0	The company	WOK	1	Account Receivable	18,456,806	OA90	5.36%		
0	The company	WITX	1	Account Receivable	11,672,419	OA150	3.39%		
0	The company	WYHQ	1	Account Receivable	7,094,440	OA45	2.06%		
0	The company	COWIN	1	Account Receivable	6,558,313	OA120	1.91%		
0	The company	WCD	1	Account Receivable	5,399,421	OA60	1.57%		
0	The company	WAKS	1	Account Receivable	5,234,854	OA120	1.52%		
0	The company	WCCZ	1	Account Receivable	3,872,325	OA120	1.13%		
0	The company	WIN	1	Account Receivable	3,729,443	OA120	1.08%		
0	The company	WITX	1	Account Receivable	996,498	OA90	0.29%		
0	The company	WITZ	1	Account Receivable	777,883	OA90	0.23%		
0	The company	WSCZ	1	Account Receivable	465,280	OA90	0.14%		
0	The company	WIP	1	Account Receivable	409,238	OA90	0.12%		
0	The company	WSSG	1	Account Receivable	277,584	OA90	0.08%		
0	The company	WMKS	1	Account Receivable	238,958	OA90	0.07%		
2	AIHH	WCQ	3	Sales	2,556,420	OA90	0.29%		
2	AIHH	COWIN	3	Sales	610,428	OA90	0.07%		
2	AIHH	WAKS	3	Sales	222,015	OA90	0.03%		
2	AIHH	WCD	3	Sales	125,629	OA90	0.01%		
2	AIHH	COWIN	3	Account Receivable	551,996	OA90	0.16%		
2	AIHH	WCQ	3	Account Receivable	338,582	OA90	0.10%		
3	COWIN	The company	2	Sales	144,469,947	OA90	16.45%		
3	COWIN	WITZS	3	Sales	1,817,659	OA90	0.21%		
3	COWIN	WCD	3	Sales	404,035	OA90	0.05%		
3	COWIN	WCQ	3	Sales	110,389	OA90	0.01%		
3	COWIN	The company	2	Account Receivable	34,685,406	OA90	10.08%		
3	COWIN	WZS	1	Account Receivable	10,782,706	OA90	3.13%		
3	COWIN	WITZS	3	Account Receivable	543,226	OA90	0.16%		
4	WAKS	The company	2	Sales	74,690,303	OA90	8.50%		

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Business relationships and significant inter - company transactions
(December 31, 2019)

(TWD : expressed in thousands)

No.	Company Name	Related Party	Existing relationship with counter - party (Note 1)	Transaction details during 2019				Payment Terms	Percentage of consolidated sales revenue and total assets (Note 2)
				Financial Statements Item	Amount				
4	WAKS	WSKS	3	Sales	1,428,679	OA60	0.16%		
4	WAKS	WOSH	3	Sales	215,303	OA90	0.02%		
4	WAKS	WITX	3	Sales	140,611	OA90	0.02%		
4	WAKS	The company	2	Account Receivable	16,182,067	OA90	4.70%		
4	WAKS	WSKS	3	Account Receivable	510,805	OA60	0.15%		
4	WAKS	WOSH	3	Account Receivable	215,405	OA90	0.06%		
5	WCCZ	WYHQ	3	Sales	17,654,015	OA45	2.01%		
5	WCCZ	The company	2	Sales	6,419,905	OA90	0.73%		
5	WCCZ	WYUDE	3	Sales	200,795	OA45	0.02%		
5	WCCZ	The company	2	Account Receivable	6,515,231	OA90	1.89%		
6	WCD	The company	2	Sales	125,171,940	OA30	14.25%		
6	WCD	WSPH	3	Sales	1,344,809	OA90	0.15%		
6	WCD	WCO	3	Sales	1,137,613	OA90	0.13%		
6	WCD	WSKS	3	Sales	1,037,621	OA60	0.12%		
6	WCD	The company	2	Account Receivable	19,651,554	OA30	5.71%		
6	WCD	WCO	3	Account Receivable	1,002,482	OA90	0.29%		
6	WCD	WSPH	3	Account Receivable	610,586	OA90	0.18%		
6	WCD	WSKS	3	Account Receivable	296,583	OA60	0.09%		
7	WCO	The company	2	Account Receivable	102,400,707	OA90	11.66%		
7	WCO	WCD	3	Sales	1,147,353	OA90	0.13%		
7	WCO	WSCQ	3	Sales	966,037	OA90	0.11%		
7	WCO	The company	2	Account Receivable	23,033,264	OA90	6.69%		
7	WCO	WCD	3	Account Receivable	1,006,459	OA90	0.29%		
7	WCO	WSCQ	3	Account Receivable	219,442	OA90	0.06%		
8	WEKS	The company	2	Sales	142,342,997	OA90	16.21%		
8	WEKS	The company	2	Account Receivable	27,171,146	OA90	7.89%		
9	WIN	The company	2	Sales	5,591,402	OA60	0.64%		
9	WIN	WEKS	3	Sales	146,140	OA60	0.02%		
9	WIN	The company	2	Account Receivable	726,310	OA60	0.21%		
10	WITX	The company	2	Sales	179,138	OA90	0.02%		
11	WMX	WYUDE	3	Sales	996,966	OA90	0.11%		
11	WMX	WITT	3	Sales	389,054	OA90	0.04%		
11	WMX	WITT	3	Account Receivable	258,516	OA90	0.08%		
11	WMX	WYUDE	3	Account Receivable	172,311	OA90	0.05%		
12	WOK	The company	2	Sales	72,364,702	OA90	8.24%		
12	WOK	The company	2	Account Receivable	14,878,762	OA90	4.32%		
13	WRKS	The company	2	Sales	532,066	OA90	0.06%		
14	WSCQ	The company	2	Sales	7,140,144	OA60	0.81%		
14	WSCQ	WCO	3	Sales	133,443	OA90	0.02%		
14	WSCQ	The company	2	Account Receivable	908,172	OA60	0.26%		
15	WSKS	The company	2	Sales	3,276,779	OA60	0.37%		
15	WSKS	The company	2	Account Receivable	846,495	OA60	0.25%		
16	WSPH	The company	2	Sales	1,494,336	OA30	0.17%		

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Business relationships and significant inter - company transactions
(December 31, 2019)

(TWD : expressed in thousands)

No.	Company Name	Related Party	Existing relationship with counter - party (Note 1)	Transaction details during 2019			Payment Terms	Percentage of consolidated sales revenue and total assets (Note 2)
				Financial Statements Item	Amount	Amount		
16	WSPH	The company	2	Account Receivable	313,717	OA30	0.09%	
17	WTZ	The company	2	Sales	922,406	OA60	0.11%	
17	WTZ	WOSH	3	Sales	107,541	OA90	0.01%	
18	WTZS	WZS	3	Sales	635,226	OA90	0.07%	
18	WTZS	The company	2	Sales	555,391	OA90	0.06%	
18	WTZS	WZS	3	Account Receivable	347,005	OA90	0.10%	
18	WTZS	The company	2	Account Receivable	120,375	OA90	0.03%	
19	WYHQ	WYUDE	1	Sales	34,020,134	OA120	3.87%	
19	WYHQ	WYHK	1	Sales	2,195,437	OA90	0.25%	
19	WYHQ	WYJP	1	Sales	1,736,653	OA90	0.20%	
19	WYHQ	WYKS	1	Sales	568,281	OA90	0.06%	
19	WYHQ	WYKR	1	Sales	533,482	OA90	0.06%	
19	WYHQ	WYUDE	1	Account Receivable	13,545,567	OA120	3.94%	
19	WYHQ	WYJP	1	Account Receivable	798,060	OA90	0.23%	
19	WYHQ	WYHK	1	Account Receivable	344,873	OA90	0.10%	
19	WYHQ	WYKS	1	Account Receivable	315,474	OA90	0.09%	
19	WYHQ	WYKR	1	Account Receivable	115,571	OA90	0.03%	
20	WYUDE	WBR	3	Sales	1,023,889	OA120	0.12%	
21	WZS	COWIN	2	Account Receivable	414,146	OA90	0.12%	
21	WZS	WTZS	3	Sales	145,720,042	OA90	16.59%	
21	WZS	COWIN	2	Sales	651,998	OA90	0.07%	
21	WZS	WTZS	3	Account Receivable	15,777,714	OA90	4.58%	
21	WZS	WTZS	3	Account Receivable	373,216	OA90	0.11%	

Note 1 : Relationship :

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

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

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

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 9 Information on investees (excluding investees in Mainland china)

(For the year ended December 31, 2019, the following is the information on investees)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Shares	Ending balance		Percentage of Ownership	Net income (losses) of the investee		Notes
				Ending balance	Beginning balance		Ratio of shares	Book value		Investment income (losses)	(IWD : expressed in thousands)	
The company	WMX	Mexico	assembly and installation of LCD TV	2,265,012	2,265,012	293,454	100.00%	2,296,323	100.00%	(40,477)	Note	
The company	WTX	U.S.A.	Customer service and sale	386,196	386,196	4,833	100.00%	1,612,540	100.00%	156,882	Note	
The company	AIH	B.V.I.	Investment and holding, sale of information and communication equipment and components	6,041,478	6,041,478	347,486	100.00%	4,897,696	100.00%	-	Note	
The company	COWIN	B.V.I.	Investment and holding, sale of information and communication equipment and components	6,030,379	6,030,379	188,394	100.00%	14,304,313	100.00%	756,058	Note	
The company	Win Smart	B.V.I.	Investment and holding	14,894,651	14,894,651	484,065	100.00%	32,247,416	100.00%	1,048,503	Note	
The company	WCL	Taiwan	Investment consultant and business management consultant	1,197,000	1,197,000	-	100.00%	2,084,703	100.00%	521,240	Note	
The company	ISL	Taiwan	Safety and EMI test	14,603	14,603	64,706	100.00%	64,706	100.00%	7,813	Note	
The company	WSPH	Philippines	Customer service and sale	2,853,068	2,853,068	139,567	100.00%	142,312	100.00%	(91,460)	Note	
The company	WLLC	U.S.A.	Investment and holding	1,682,824	1,682,824	5,436	100.00%	2,256,938	100.00%	103,607	Note	
The company	WVS	B.V.I.	Investment and holding	398,221	398,221	12,005	100.00%	540,459	100.00%	77,709	Note	
The company	WEH	Netherlands	Investment and holding	1,421,024	1,421,024	-	99.99%	424,223	99.99%	41,277	Note	
The company	WBR	Brazil	Customer service	623,794	623,794	37,243	99.99%	425,588	99.99%	120,810	Note	
The company	WTR	Turkey	Customer service	46,650	46,650	22	99.90%	85,430	99.90%	15,376	Note	
The company	WGTX	U.S.A.	Recycling service of information technology products	859,795	859,795	13	100.00%	118,846	100.00%	30,329	Note	
The company	WGHK	Hong Kong	Investment and holding	1,003,476	1,003,476	33,500	100.00%	62,231	100.00%	(211,659)	Note	
The company	WMAY	Malaysia	assembly and installation of LCD TV	775,360	775,360	80,000	100.00%	294,472	100.00%	(76,269)	Note	
The company	WSMX	Mexico	Customer service	89,134	89,134	36,429	100.00%	(48,535)	100.00%	27,107	Note	
The company	WSCO	Colombia	Customer service	91,561	91,561	559	100.00%	32,056	100.00%	6,057	Note	
The company	WCH	U.S.A.	R&D	589,520	589,520	20	100.00%	539,227	100.00%	(7,284)	Note	
The company	WYHQ	Taiwan	Research, development, sale, and service of information products	1,783,104	1,563,161	78,418	44.90%	9,079,978	51.18%	6,169,254	Note	
The company	WEDH	Seychelles	Investment and holding	170,148	170,148	5,700	100.00%	2,444	100.00%	(276)	Note	
The company	WCHK	Hong Kong	Investment and holding	225,494	225,494	58,446	100.00%	197,153	100.00%	3,350	Note	
The company	WCHO	Taiwan	Sale and maintenance of computer products and electronic information products	10,000	10,000	1,000	100.00%	7,873	100.00%	10,258	Note	
The company	WCCZ	Czech Rep.	Production, installation and repairing of electronic appliances	789,793	789,793	-	100.00%	2,738,348	100.00%	316,694	Note	
The company	WEHK	Hong Kong	Investment and holding, development of Internet platform, provide, sale, and consultancy of the application service	247,954	247,954	11,426	100.00%	(142,557)	100.00%	(30,648)	Note	
The company	AGI	Taiwan	Storage equipment, digital monitoring system, sales of digital multimedia, and related consultancy service	465,948	465,948	19,999	99.99%	136,630	99.99%	(48,539)	Note	
The company	WSSG	Singapore	Customer service	3,476,456	3,476,456	112,489	100.00%	2,746,018	100.00%	(51,991)	Note	
The company	WDH	Taiwan	Investment and holding	600,000	600,000	67,873	100.00%	819,225	100.00%	109,404	Note	
The company	WMH	Taiwan	Investment and holding	2,000,000	2,000,000	200,000	100.00%	1,089,296	100.00%	(169,409)	Note	
The company	WSTH	Thailand	Maintenance of computer products	8,652	8,652	3,799	100.00%	9,034	100.00%	(181)	Note	
The company	WNC	U.S.A.	Sales and maintenance of mobile phone	22,808	22,808	75	100.00%	24,056	100.00%	(1,973)	Note	
The company	WACL	Chile	Maintenance of computer products	31,710	31,710	-	100.00%	(29,994)	100.00%	(14,080)	Note	
The company	WTS	U.S.A.	Development of new business and customer service	10,348	10,348	35	100.00%	12,728	100.00%	999	Note	
The company	JLH	Taiwan	Sale of audio system of vehicle and components	578,889	578,889	20,261	41.03%	4,653	41.03%	(91,168)	-	
The company	WNC	Taiwan	Manufacturing and sale of wireless receiver products	585,487	585,487	89,675	22.97%	3,720,953	23.99%	1,461,173	-	
The company	TPE	Taiwan	Wholesale and retail of electronic material	26,228	26,228	3,476	13.65%	53,592	16.63%	65,018	-	
The company	ISGTG	Seychelles	Research and design and sale of information technology products	160,025	160,025	5	40.00%	-	40.00%	-	-	
The company	ISGTC	Hong Kong	Research and design and sale of information technology products	160,000	160,000	5	40.00%	-	40.00%	-	-	
The company	HCL	B.V.I.	Investment and holding	96,045	96,045	-	30.00%	74,391	30.00%	904	-	
The company	Formosa Prosonic Industries Berhad	Malaysia	Manufacturing of audio and hooper	513,565	513,565	69,260	28.00%	493,087	28.00%	244,418	-	
The company	Snaruply Inc.	U.S.A.	Management of internet optimization	62,710	62,710	2,724	23.97%	-	23.97%	(138,490)	(17,589)	
The company	Optimem Electronics Limited	India	Manufacturing of smart phone and tablet	13,596	13,596	2,740	19.91%	-	19.91%	2,697	1,231	
The company	WIS	Taiwan	Wholesale and retail of information software, manufacturing of computer products and components	214,656	214,656	17,888	46.10%	238,626	46.10%	30,485	14,054	
AGI	Xserve(BVI)Corp.	B.V.I.	Investment and holding	3,938	3,938	113	15.00%	-	15.00%	-	Fill - Free	
AIH	WJP	Japan	CSID Maintenance company	129,985	129,985	9	100.00%	223,047	100.00%	965	Fill - Free	

WISTRON CORPORATION AND SUBSIDIARIES Notes to the Consolidated Financial Statements

Table 9 Information on investees (excluding investees in Mainland china)

(For the year ended December 31, 2019, the following is the information on investees)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Shares	Ending balance		Percentage of Ownership	Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance		Ratio of shares	Book value				
AHH	WDC	B.V.I.	Investment and holding, sale of telecommunication equipment and components	3,763,657	3,763,657	124,100	100.00%	100.00%	3,396,175	198,046	Fill - Free	Note
AHH	WNC	Taiwan	Manufacturing and holding, sale of wireless receiver products	1,311	1,311	115	0.03%	0.03%	4,850	1,461,173	Fill - Free	-
AHH	HanteaAsia	Singapore	Manufacturing and sale of wireless receiver products	178,700	178,700	6,090	20.02%	20.02%	225,941	21,059	Fill - Free	-
AHH	WEH	Netherlands	Investment and holding	91	91	-	0.01%	0.01%	82	41,277	Fill - Free	Note
AHH	WBR	Brazil	Customer service	96	96	5	0.01%	0.01%	90	120,810	Fill - Free	Note
AHH	Hsieh Yuh	B.V.I.	Holding company and OEM	80,678	80,678	3,990	26.08%	26.08%	-	34,169	Fill - Free	-
AHH	Xserve(BVJC)op.	Taiwan	Investment and holding	4,988	4,988	143	19.00%	19.00%	-	-	Fill - Free	-
WCL	WLB	Taiwan	Investment consultant and business management consultant	234,500	134,500	-	100.00%	100.00%	684,905	206,749	Fill - Free	Note
WCL	WCT	Netherlands	Research, development, sale, and service of information products	445,704	445,704	-	100.00%	100.00%	355,837	(13,070)	Fill - Free	Note
WCL	WYHQ	Taiwan	Research, development, sale, and service of information products	518,888	287,233	4,471	2.56%	2.56%	517,603	6,169,254	Fill - Free	Note
WCL	JH	Taiwan	Sale of audio system of vehicle and components	55,256	55,256	1,934	3.92%	3.92%	444	(91,168)	Fill - Free	-
WCL	WAC	Taiwan	Manufacturing, wholesale and retail of electronic related products	1,000	1,000	100	100.00%	100.00%	858	(140)	Fill - Free	Note
WCL	WTS	Taiwan	Manufacturing and maintenance of computer Information System, technical consultant	23,444	36,582	1,177	1.77%	1.77%	42,841	410,237	Fill - Free	-
WCL	WNC	Taiwan	Manufacturing and sale of wireless receiver products	2,450	2,450	100	0.03%	0.03%	5,189	1,461,173	Fill - Free	-
WCL	WTR	Turkey	Customer service	47	47	-	0.10%	0.10%	47	15,376	Fill - Free	Note
WCL	MAYA	Taiwan	Information integration of medical clinic	22,800	22,800	773	10.91%	10.91%	18,652	(24,818)	Fill - Free	-
WCL	TPE	Taiwan	Wholesale and retail of electronic material	34,821	16,563	2,298	9.03%	9.03%	40,108	65,018	Fill - Free	-
WDH	WTS	Taiwan	Manufacturing and maintenance of computer Information System, technical consultant	330,202	330,202	15,719	23.67%	23.67%	510,246	410,237	Fill - Free	-
WDH	CGI	Taiwan	Software and Information technology service, Research video application software for manufacture and sale.	35,325	35,325	2,944	24.70%	24.70%	46,033	39,712	Fill - Free	-
WEDH	WEMY	Malaysia	Development and sales of information technology products and related software	170,192	170,192	21,236	100.00%	100.00%	2,334	(249)	Fill - Free	Note
WEH	WPV	Netherlands	R&D	1,025,291	1,025,291	-	100.00%	100.00%	110,021	(1,228)	Fill - Free	Note
WEH	WSCZ	Czech Rep.	SERVICE	372,337	372,337	-	100.00%	100.00%	313,343	42,105	Fill - Free	Note
WEHK	WETW	Taiwan	Internet platform development, providing and sales of application services, and consulting services	65,000	65,000	6,500	100.00%	100.00%	(179,155)	(21,002)	Fill - Free	Note
WHK	WIN	India	Computing products repair and service parts distribution	-	-	-	0.01%	0.01%	-	(28,571)	Fill - Free	Note
WHK	WMI	India	Mobile Products Manufacturer	-	-	-	0.01%	0.01%	-	(20,236)	Fill - Free	Note
Win Smart	WHK	Hong Kong	Computer repair service	97,729	97,729	25,281	100.00%	100.00%	84,671	2,623	Fill - Free	Note
Win Smart	WHHK	Hong Kong	Investment and holding	2,682,237	2,682,237	89,550	100.00%	100.00%	6,172,172	425,634	Fill - Free	Note
Win Smart	MINDFORCE	B.V.I.	Investment and holding	692,634	692,634	21,693	28.88%	28.88%	645,091	(165,875)	Fill - Free	-
WLB	WYHQ	Taiwan	Research, development, sale, and service of information products	421,848	152,387	5,889	3.38%	3.38%	681,780	6,169,254	Fill - Free	Note
WLB	PELL	Taiwan	Biotechnology service	49,134	1,500	626	3.78%	3.78%	51,917	(78,557)	Fill - Free	-
WLB	WIS	Taiwan	Wholesale and retail of information software, manufacturing of computer products and components	3,280	3,022	290	0.75%	0.75%	3,509	30,485	Fill - Free	-
WLLC	WITX	U.S.A.	Warehousing - logistics and distribution for the related products and components of computer - communication and consumer electronic products	1,525,557	1,525,557	4,950	100.00%	100.00%	2,105,014	109,652	Fill - Free	Note
WLLC	WITT	U.S.A.	Processing and sale of electronic information products	149,794	149,794	451	100.00%	100.00%	119,534	328	Fill - Free	Note
WMMH	WMT	Taiwan	Manufacturing of medical instruments	200,000	200,000	20,000	100.00%	100.00%	94,065	(59,196)	Fill - Free	Note
WMMH	MAYA	Taiwan	Information integration of medical clinic	48,614	48,614	2,346	33.10%	33.10%	50,677	(24,818)	Fill - Free	-
WMMH	Free Bionics, Inc.	Cayman Island	research, designing and sale of medical instruments	270,850	270,850	10,100	49.03%	49.03%	117,056	(129,071)	Fill - Free	-
WMMH	PELL	Taiwan	Biotechnology service	182,866	120,000	3,024	18.25%	18.25%	209,257	(78,557)	Fill - Free	-
WMMH	BTA	Singapore	Exoskeleton product device	57,818	-	1,875	70.00%	70.00%	23,538	(48,276)	Fill - Free	Note
WSSG	WIN	India	Computing products repair and service parts distribution	1,805,085	1,805,085	14,344	99.99%	99.99%	1,242,792	(28,571)	Fill - Free	Note
WSSG	WSMY	Malaysia	Computing Products repair and service parts distribution	33,240	33,240	4,591	100.00%	100.00%	1,913	(858)	Fill - Free	Note
WSSG	WMI	India	Mobile Products Manufacturer	1,672,359	809,867	379,937	99.99%	99.99%	1,591,087	(20,236)	Fill - Free	Note
WYHQ	WYJP	Japan	Sale of electronic products	6,620	6,620	-	100.00%	100.00%	127,271	32,455	Fill - Free	Note
WYHQ	WYUDE	U.S.A.	Sale of electronic products	5,021,581	5,021,581	169,010	100.00%	100.00%	5,264,317	52,288	Fill - Free	Note
WYHQ	WYHK	Hong Kong	Investment and holding	12,181	12,181	400	100.00%	100.00%	161,216	74,728	Fill - Free	Note

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 9 Information on investees (excluding investees in Mainland china)
 (For the year ended December 31, 2019, the following is the information on investees)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Shares	Ending balance		Book value	Percentage of Ownership	Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance		Ratio of shares	Ratio of shares					
WYHQ	WYKR	South Korea	Sale of electronic products	2,903	2,903	20	100.00%	68,445	100.00%	12,639	Fill - Free	Note	
WYHQ	WYMY	Malaysia	Sale of electronic products	15,109	15,109	2,050	100.00%	14,685	100.00%	(205)	Fill - Free	Note	
WYHQ	WYMX	Mexico	Human Resources	49,285	-	31,053	100.00%	48,259	100.00%	(1,146)	Fill - Free	Note	

(TWD : expressed in thousands)

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

WISTRON CORPORATION AND SUBSIDIARIES
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Table 10 Information on investment in Mainland China
1. Information on investment in Mainland China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of investment	Accumulated Outflow of Investment from January 1, 2019	Investment Flows		Percentage of Ownership	Direct / indirect shareholding (%) by the Company	Share of Profits/Losses	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019	Note
					Outflow	Inflow						
Wistron InfoComm (Zhongshan) Corporation	Assembly and sales of computer, server, and LCD TV	73,941,608 (Note 1)	(Note 2)72	73,941,759 (Note 1)	-	-	100.00%	100.00%	1,105,885 (Note 2)82	18,265,584	-	(Note 2)9
Wistron InfoComm (Shanghai) Corporation	Research, development, design, testing and sales of computers software	31,691	(Note 2)72	31,691	-	-	100.00%	100.00%	1,618 (Note 2)82	51,693	-	(Note 2)9
Wistron InfoComm Technology (Zhongshan) Co., Ltd.	Assembly and sales of LCD Monitor	67,510 (Note 2)	(Note 2)72	67,510	-	-	100.00%	100.00%	76,357 (Note 2)82	454,313	-	(Note 2)9
Wistron InfoComm (Kunshan) Co., Ltd.	Assembly and sales of Notebook computer	1,085,212 (Note 2)	(Note 2)72	1,085,212 (Note 2)	-	-	100.00%	100.00%	1,901,231 (Note 2)82	9,749,057	-	(Note 2)9
Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.	Sales of mobile phone	3,995,250 (Note 2)0	(Note 2)72	3,995,250 (Note 2)	-	-	100.00%	100.00%	2,86,654 (Note 2)82	12,053,080	-	(Note 2)9
Wistron Service (Kunshan) Corp.	Maintenance of computer products	12,387	(Note 2)72	12,387	-	-	100.00%	100.00%	52,131 (Note 2)82	664,176	-	(Note 2)9
SMS (Kunshan) Co., Ltd.	Maintenance of computer products	806,230	(Note 2)72	806,230	-	-	100.00%	100.00%	73,277 (Note 2)82	1,687,938	-	(Note 2)9
Wistron InfoComm (Tuzhou) Co., Ltd.	Assembly and sales of LCD Monitor and Touch display module	4,929,489	(Note 2)72	4,929,489 (Note 2)	-	-	100.00%	100.00%	(653,160) (Note 2)82	(3,735,624)	-	(Note 2)9
WISTRON (KUNSHAN) CO., LTD.	Production of telecommunication products and components	795,220	(Note 2)72	231,014 (Note 4)	-	-	28.88%	28.88%	(6,697) (Note 2)83	161,656	-	-
I-CONN PRECISION (Zhongshan) CORPORATION	Production of telecommunication equipment and coupling for Special purpose.	234,991	(Note 2)72	85,873 (Note 4)	-	-	23.17%	22.88%	11,629 (Note 2)83	15,341	-	-
Wistron Optonics (Kunshan) Co., Ltd.	Production of communication products and components	3,676,442	(Note 2)72	3,632,613 (Note 4)	-	-	100.00%	100.00%	195,297 (Note 2)82	3,326,586	-	(Note 2)9
Wistron Optonics (Shanghai) Co., Ltd.	Sales of communication products and components	131,044	(Note 2)72	131,044 (Note 4)	-	-	100.00%	100.00%	2,749 (Note 2)82	69,577	-	(Note 2)9
HSRSHXUE ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD.	Production and management of new-type electronic components	426,055 (Note 4)8	(Note 2)72	79,722	-	-	26.08%	26.08%	-	-	-	-
LIANYI PRECISION (ZHONGSHAN) INC.	Manufacturing of high-temperature resistant insulation materials and moulded insulation products	1,124,931	(Note 2)72	332,795 (Note 4)	-	-	28.88%	28.88%	(16,557) (Note 2)83	(297,411)	-	-
LIANYI PRECISION (TAIHOUI) CO., LTD.	Assembly of computer, server and their peripheral equipment	2,220,402	(Note 2)72	643,191 (Note 4)	-	-	28.88%	28.88%	23,878 (Note 2)83	744,984	-	-
Hantec Technology (Kunshan) Co., Ltd.	Sales of new-type ally(Mg-XAl) material	516,917	(Note 2)72	128,815 (Note 4)	-	-	20.02%	20.02%	3,887 (Note 2)83	179,186	-	-
Wistron Advanced Material (Kunshan) Co., Ltd.	Research, manufacturing, and sales of electronic regeneration ecofriendly plastic goods	953,939	(Note 2)72	953,939 (Note 4)	-	-	100.00%	100.00%	(208,497) (Note 2)82	48,851	-	(Note 2)9
Zongshan Global Lighting Technology Limited Co.	Sales of LCP, backlight and related light-electronic components	448,825	(Note 2)72	72,007 (Note 4)	-	-	15.97%	15.97%	-	72,119	-	-
Wistron InfoComm (CHONGQING) Co. Ltd.	Assembly and sales of Notebook computer	583,823	(Note 2)72	583,823 (Note 4)	-	-	100.00%	100.00%	674,493 (Note 2)82	4,690,897	-	(Note 2)9
Wistron Investment (Shanghai) Co., Ltd.	Investment and holding	2,501,366	(Note 2)72	2,501,366 (Note 4)	-	-	100.00%	100.00%	419,244 (Note 2)82	5,948,409	-	(Note 2)9
Wistron InfoComm (Changsha) Co., Ltd.	Assembly and sales of Notebook computer	2,396,524	(Note 2)72	2,396,524 (Note 4)	-	-	100.00%	100.00%	417,253 (Note 2)82	5,886,949	-	(Note 2)9
Wistron InfoComm Technology Service (Kunshan) Co., Ltd.	Research and development of electronic calculator and other electronic products	59,042	(Note 2)72	59,042 (Note 4)	-	-	100.00%	100.00%	15,097 (Note 2)82	130,840	-	(Note 2)9
Weshok Information Technology Services Co., Ltd., Shanghai	Development of internet platform, providing application services, consulting services	31,124	(Note 2)72	22,449 (Note 19)	-	-	100.00%	100.00%	(2,801) (Note 2)82	3,831	-	(Note 2)9
Shenzhen Keen High Technologies Ltd	Manufacturing of digital photo frame, MP3, MP4 and GPS	198,648	(Note 2)72	31,110 (Note 4)	-	-	15.17%	15.17%	-	-	-	-
SMS InfoComm (Chongqing) Co., Ltd.	Sales and distribution of computer products and components	126,838	(Note 2)71	126,838 (Note 4)	-	-	100.00%	100.00%	37,346 (Note 2)82	182,956	-	(Note 2)9
Kunshan ChangNun Precision Die Casting Co., Ltd.	Sales and distribution of Zn-Al Alloy precision casting process, LCD Monitor of supporting frame and Electric tool series.	173,981	(Note 2)73	(22,146) (Note 25)	-	-	14.96%	14.48%	(787) (Note 2)82	7,157	-	-
Wuyuan Technology Service Kunshan Ltd.	Sales of electronic products	10,659	(Note 2)73	10,659 (Note 25)	-	-	57.44%	50.84%	6,766 (Note 2)82	28,699	-	(Note 2)9
ICA Inc.	Research, design, manufacturing, sales, and maintenance of intelligent terminals	91,991	(Note 2)72	-	-	-	20.00%	20.00%	(304) (Note 2)83	9,961	-	-
Wistron Medical Tech (Chongqing) CO., LTD.	Production of medical equipments	94,500	(Note 2)73	(33,632) (Note 24)	-	-	100.00%	100.00%	(33,632) (Note 2)82	16,405	-	(Note 2)9
XTRONICS(Nanjing) Automotive Intelligent Technologies Co., Ltd.	Virtual image head-up display, high-power car interior high-power charging device	668,905 (Note 24)	(Note 2)73	-	-	-	33.41%	33.41%	(26,733) (Note 2)83	195,317	-	-
Wistron Investment (Jiangsu) CO., Ltd.	Investment and holding	3,117,440 (Note 2)0	(Note 2)72	3,117,440 (Note 2)	-	-	100.00%	100.00%	11,920 (Note 2)82	9,390,355	-	(Note 2)9
XTRONICS(Kunshan)Electronics Technology Co., Ltd	R&D, production and sale of automotive electronics, automotive parts, smart consumer equipment and telematics.	139,830	(Note 2)73	-	-	-	100.00%	100.00%	(12,561) (Note 2)83	125,793	-	(Note 2)9

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2. Limitation on investment in Mainland China

Company	Accumulated investment in Mainland China as of December 31, 2019 (Note1) ∙ (Note2) ∙ (Note3) ∙ (Note4) ∙ (Note5) ∙ (Note7) ∙ (Note8) ∙ (Note9) ∙ (Note10) ∙ (Note11) ∙ (Note12) ∙ (Note13) ∙ (Note14) ∙ (Note19) ∙ (Note20) ∙ (Note21) ∙ (Note22) ∙ (Note23) and (Note25)	Investment Amounts Authorized by Investment Commission, MOEA (Note4) ∙ (Note15) and (Note25)	Upper Limit on Investment (Note16) and (Note26)
Wistron Corporation	28,497,764 (USD 916,612,330)	30,713,306 (USD 1,019,599,744) & (CNY 4,000,000)	-
Wiwynn Corporation	10,659 (USD 350,000)	10,537 (USD 350,000)	12,131,319

(TWD : expressed in thousands)

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

(Note 2) Wistron InfoComm (Zhongshan) Corporation, in which the Company indirectly owned 100% of its shares, merged with BrVision Optronics (Zhongshan) Corp. in the second quarter of 2015, resulting in an increase in the investment capital of Wistron InfoComm (Zhongshan) Corporation to USD 218,050,000 (approximately TWD 6,872,015), which was authorized by the Investment Commission on July 31, 2015. Also, Wistron InfoComm (Zhongshan) Corporation merged with All Technology (Zhong Shan) Co., Ltd., one of 100% owned subsidiaries of the Company, in the first quarter of 2017, resulting in an increase in the investment capital of Wistron InfoComm (Zhongshan) Corporation to USD 234,000,000 (approximately TWD 7,394,179), which was authorized by Investment Commission on December 26, 2016.

(Note 3) Wistron InfoComm (Kunshan) Co., Ltd. merged with Wistron InfoComm Technology (Kunshan) Co., Ltd. in the first quarter of 2015, both entities are 100% owned subsidiaries of the Company, resulting in an increase in the investment capital of Wistron InfoComm (Kunshan) Co., Ltd. to USD 32,000,000 (approximately TWD 1,085,212), which was authorized by the Investment Commission on January 23, 2015.

(Note 4) On January 24, 2005, the Company applied to the Investment Commission for the revision of the amount of its indirect investment in T - CONN PRECISION (Zhongshan) CORPORATION from USD 638,000 to USD 550,000, and the application was authorized on February 15, 2005. Also, Super Elite Ltd. acquired Hong Kong Comtek Electronics Co. Ltd. by issuing new shares through stock exchange, resulting in a decrease in the of the Company's investment amount in T - CONN PRECISION (Zhongshan) CORPORATION by USD 339,995 (approximately TWD 9,793); and the application was authorized by the Investment Commission on May 17, 2012.

(Note 5) The Company indirectly invested in the capital of Wistron Optronics (Kunshan) Co., Ltd. and Wistron optronics (Shanghai) Corporation, through Wistron Optronics Corporation (WOC) and its subsidiary, WinDisplay, amounting to TWD 64,701 and TWD 4,877, respectively. However, on March 10, 2007, WOC was merged with WOD Co., Ltd (WOD), a fully owned subsidiaries of the Company. After the merger, WOD became the existing company while WOC being the dissolved entity, who transferred its investment amount, which had been authorized by the Investment Commission on June 14, 2007, to WOD. On the other hand, AIH transferred the shares of WinDisplay and its subsidiaries to WOD on June 25, 2007 in accordance with the agreement. The Company applied for the transfer of investment amount, which had been authorized by the Investment Commission on July 18, 2007. Therefore, the accumulated investment amount in Mainland China would be revised in accordance with the amount authorized by Investment Commission. On August 17, 2007, WOD Co., Ltd. was renamed as Wistron Optronics Corporation.

(Note 6) The investment in Wistron InfoComm (Chengdu) Co., Ltd., through Wistron Investment (Sichuan) Co., Ltd., was authorized by the Investment Commission. The amount of accumulated investment in Mainland China had increased by USD 83,500,000 (approximately TWD 2,501,366).

(Note 7) The board of directors of Shenzhen Keen High Technologies Ltd., in which the Company indirectly invested in, the court ruled that the application for bankruptcy and liquidation procedures was completed on December 29, 2016.

(Note 8) Shenzhen Jin Zhi Feng Electronic Co., Ltd. in which the Company indirectly invested in, had completed the cancellation of its business registration. The said investment capital amounting to USD 2,331,508.7, which entitled the Company to a full ownership of the entity, had been remitted to KJF Technology Ltd. and was authorized by the Investment Commission on January 12, 2015. However, according to the regulation, the remittance to Mainland China amounting to USD 104,452 (approximately TWD 3,155) was included in the accumulated investment amount.

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (Note 8) Dong Guan Comtek Electronics Co., Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY 449,415,79, which entitled the Company to a full ownership of the entity, had been remitted to Hong Kong Comtek Electronics Co. Ltd. and was authorized by the Investment Commission on July 15, 2013. However, according to the regulation, the remittance to Mainland China amounting to USD 179,344 (approximately TWD 5,371), was included in the accumulated investment amount.
- (Note 9) Top - Glory Electronic (Zhongshan) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 18,268.22, which entitled the Company to an 11% ownership of the entity, had been remitted to Super Elite Ltd. and was authorized by the Investment Commission on March 25, 2010. However, according to the regulation, the remittance to Mainland China amounting to USD 33,000 (TWD 1,071) was included in the accumulated investment amount.
- (Note 10) Changshu Pu Yuan electronics Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 3,895,791.97, which entitled the Company to a full ownership of the entity, had been remitted to Park Orchid, which was liquidated afterwards. The capital incurred from the liquidation of Park Orchid amounting to USD 2,461,084.65 was remitted to Win Smart. With that said, the capital amount of USD 2,461,084.65 entitled the Company to a 46.875% ownership of Win Smart. Therefore, the accumulated investment amount in Mainland China was revised to USD 2,812,500 on April 24, 2012, and was authorized by the Investment Commission on April 30, 2012. However, according to the regulation, the remittance to Mainland China amounting to USD 2,812,500 (TWD 84,714) was included in the accumulated investment amount.
- (Note 11) Wistron optronics (Shanghai) Corporation, in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 58,823.63, which entitled the Company to a full ownership of the entity, had been remitted to WDC and was authorized by the Investment Commission on December 16, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD 1 was included in the accumulated investment amount.
- (Note 12) Wistron Service (Shanghai) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 6,507.67 (approximately TWD 196), which entitled the Company to a full ownership of the entity, had been remitted to Taiwan and was authorized by the Investment Commission on March 6, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment was authorized by the Investment Commission on December 8, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD 133,492.33 (approximately TWD 4,350) was included in the accumulated investment amount.
- (Note 13) WIT Precision (Taizhou) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 18,577.5 (approximately TWD 556), which entitled the Company to a 30% ownership of the entity, had been remitted to Taiwan and was authorized by the Investment Commission on September 18, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment of the Company had already been authorized. However, according to the regulation, the remittance amounting to USD 1,241,422.5 (approximately TWD 39,449) was included in the accumulated investment amount.
- (Note 14) Zhongshan Deyi Electrical Equipment Co., Ltd. (Deyi), in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 525,684.97, which entitled the Company to a full ownership of the entity, had been remitted to FULLERTON LTD. On October 22, 2013, the Company applied for a revision of its indirect investment in Deyi amounting to USD 161,314, which had been authorized by the Investment Commission on October 28, 2013. Afterwards, the cancellation of investment of the Company was authorized by the Investment Commission on November 4, 2013. However, according to the regulation, the remittance to Mainland China amounting to (approximately TWD 5,121) was included in the accumulated investment amount.
- (Note 15) Translated using the spot rates on December 31, 2019.
- (Note 16) On December 6, 2017, the Company obtained the Certificate of Qualified Operating Headquarters, which was issued by the Department of Industrial Development, Ministry of Economic Affairs, in accordance with the revised "Approval Guidelines for Engagement in Investments or Technological Cooperation in Mainland China" and "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" that was announced on August 22, 2008. Therefore, the Company was not restricted or limited, in anyway, regarding the investment amount in Mainland China.
- (Note 17) Wistron InfoComm (CHONGQING) Co. Ltd., one of the fully directly owned subsidiaries of the Company, used its own capital to invest in ICA Inc.; the transaction was not restricted or limited, in anyway, regarding the investment amount in Mainland China.
- (Note 18) HSIEH - YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. merged with BriVision Optronics (Zhongshan) Corp. in the fourth quarter of 2016, both entities are fully owned subsidiaries of the Company, resulting in an increase in the investment capital of HSIEH - YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. to USD 2,452,912 (approximately TWD 79,722), which was authorized by the Investment Commission on November 30, 2016.
- (Note 19) The Company invested the amount of USD 16,961 (approximately TWD 513) in WIEDU HONG KONG LIMITED, acquiring 18.73% of its share; therefore, resulting in an indirect ownership of Weshtek Information Technology Services Co., Ltd., Shanghai (Weshtek), which entitled the Company to a full ownership of Weshtek.

WISTRON CORPORATION AND SUBSIDIARIES

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- (Note 20) The indirect investment in WISTRON INVESTMENT (JIANGSU) CO., LTD., a holding company, through Win Smart Co. with amount of USD 200,000,000, was authorized by the Investment Commission on December 18, 2017. Till second quarter of 2019, the remittance to Mainland China amounted to USD 100,000,000 (approximately TWD 3,117,440). Wistron Investment(Jiangsu)CO.,Ltd. invested the amount of USD 100,000,000 (approximately TWD 3,055,830) in Wistron InfoComm Manufacturing (Kunshan) Co., Ltd., acquiring 78.13% of its share in the fourth quarter of 2019.
- (Note 21) Wistron InfoComm (Qingdao) Co., Ltd. Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 7,123,297.09, which entitled the Company to a full ownership of the entity, had been remitted to WISTRON HONG KONG HOLDING LIMITED, and was authorized by the Investment Commission on March 14, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD 6,000,000(approximately TWD 179,436), was included in the accumulated investment amount.
- (Note 22) Wiyynn Technology Service (Beijing) Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY 7,543,21, which entitled the Company to a full ownership of the entity, had been remitted to WIN SMART CO.,LTD. and was authorized by the Investment Commission on May 18, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD 2,899,788.94(approximately TWD 86,742), was included in the accumulated investment amount.
- (Note 23) ANWTH (Kunshan) CO., LTD. in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 2,023,982.58, which entitled the Company to a full ownership of the entity, had been remitted to WISTRON HONG KONG LIMITED, and was authorized by the Investment Commission on October 19, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD 3,000,000(approximately TWD 89,256) was included in the accumulated investment amount.
- (Note 24) Wistron InfoComm (Kunshan) Co., Ltd., in which the Company indirectly invested, invested the amount of CNY 47,118,000 (TWD 209,859) in XTRONICS (Nanjing) Electronics Technology Co., acquiring 31.41% of its share in the fourth quarter of 2018, with which the change of its business registration had been completed in the first quarter of 2019. Xtronics Innovation Ltd. has agreed to transfer 2% of its shares to Wistron InfoComm (Kunshan) Co., Ltd., in which the Company indirectly invested. Wistron InfoComm (Kunshan) Co., Ltd. invested the amount of CNY 3,000,000 (approximately TWD 13,790) in XTRONICS (Nanjing) Electronics Technology Co., acquiring 33.41% of its share in the second quarter of 2019.
- (Note 25) Wiyynn Technology Service Hong Kong Limited used its own Capital to invest in WYKS.
- (Note 26) Wiyynn Corporation's amount of upper limit on investment was the higher between sixty percent of total equity or total consolidated equity.
- (Note 27) Ways to Invest in Mainland China :
1. Direct investment in Mainland China.
 2. Indirect investment in Mainland China through a foreign company
 3. Others
- (Note 28) Recognized share of associates and joint ventures accounted for equity method :
1. The financial statements of the investee company were audited by the global accounting firm in cooperation with R.O.C. accounting firm.
 2. The financial statements of the investee company were audited by the Company auditor
 3. Others
- (Note 29) The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

3. Significant transactions

The significant transactions of the entities in China in which the Company, directly or indirectly owned, refer to table 1 to table 10.

6.5 Parent Company only Financial Statements



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Wistron Corporation:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1. Trade receivables valuation

Please refer to Note 4(f) “Financial Instruments” for accounting policy, Note 5(a) for accounting assumption, judgments and estimation uncertainty of trade receivables and Note 6(d) for the disclosure of the valuation of trade receivables to the financial statements.

Description of key audit matter

Trade receivable valuation is one of the key judgmental areas for our audit, particularly in respect of the great influence of given the challenging industry climate, significant judgment being applied in the management’s assessment of recoverability of trade receivables.



How the matter was addressed in our audit

Our principal audit procedures included reviewing if the evaluation of trade receivables is accordance with the Company's accounting policy and recognizes loss allowances for expected credit losses; examining the records of customers' credit evaluation, and also historical data from the company's previous collection experience; assessing the collection of accounts receivables subsequently. We also considered the adequacy of the company's disclosures in this area.

2. Inventory valuation

Please refer to Note 4(g) "Inventory" for accounting policy, Note 5(b) for accounting assumption, judgments and estimation uncertainty of inventory and Note 6(f) for the disclosure of the valuation of inventory to the financial statements.

Description of key audit matter

Inventories are stated at the lower of cost or net realizable value. The rapid development of technology and the advance of new electronic products can have a significant impact on market demand, which may lead to product obsolescence that will affect the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as another key audit matter.

How the matter was addressed in our audit

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

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 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 Chia-Chien Tang.

KPMG A large, stylized, handwritten signature of the letters 'KPMG' in black ink, positioned to the right of the printed 'KPMG' text.

Taipei, Taiwan (Republic of China)
March 24, 2020

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

WISTRON CORPORATION

Parent Company Only Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018		December 31, 2019		December 31, 2018		
	Amount	%	Amount	%	Amount	%	Amount	%	
Assets									
Current assets:									
1100 Cash and cash equivalents (note 6(a))	\$ 3,038,447	1	15,244,305	4	2100	\$ 21,865,014	6	34,434,687	10
1110 Current financial assets at fair value through profit or loss (note 6(b))	58,927	-	63,908	-	2120	68,043	-	74,336	-
1170 Notes and trade receivables, net (notes 6(d)(s))	68,863,387	20	70,492,726	19	2130	1,565,181	-	1,219,899	-
1180 Trade receivable - related parties (notes 6(d)(s) and 7)	153,326,860	44	160,521,861	44	2170	54,735,019	16	54,896,358	15
1210 Other receivables - related parties (notes 6(e) and 7)	1,361,738	-	410,814	-	2180	147,515,249	42	153,757,872	42
1220 Current tax assets	26,488	-	717,038	-	2220	855,756	-	7,045,748	2
130X Inventories (note 6(f))	16,496,198	5	12,312,926	4	2280	153,748	-	-	-
1470 Other current assets (notes 6(d)(e)(k))	5,329,824	2	12,962,996	4	2322	2,407,177	1	-	-
Total current assets	<u>248,501,869</u>	<u>72</u>	<u>272,726,574</u>	<u>75</u>	<u>2365</u>	<u>17,349,065</u>	<u>5</u>	<u>19,084,954</u>	<u>5</u>
Non-current assets:					<u>2399</u>	<u>252,691,831</u>	<u>72</u>	<u>275,431,812</u>	<u>75</u>
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	136,114	-	382,766	-					
1517 Non-current financial assets at fair value through other comprehensive income (note 6(e))	4,618,902	1	2,519,185	1		15,752,275	5	14,712,146	4
1550 Equity - accounted investees (note 6(g))	82,823,693	24	78,951,951	22	2540	2,484,701	1	3,137,665	1
1600 Property, plant and equipment (notes 6(h) and 7)	5,039,467	2	4,747,740	1	2570	239,052	-	-	-
1755 Right-of-use assets (note 6(i))	397,347	-	-	-	2580	1,933,799	1	2,123,989	1
1780 Intangible assets (note 6(j))	770,210	-	941,498	-		20,409,827	7	19,973,800	6
1840 Deferred tax assets (note 6(p))	4,384,962	1	3,822,855	1		273,101,658	79	295,405,612	81
1900 Other non-current assets (notes 6(k) and 8)	379,678	-	258,240	-					
Total non-current assets	<u>98,550,373</u>	<u>28</u>	<u>91,624,235</u>	<u>25</u>					
Total assets	<u>\$ 347,052,242</u>	<u>100</u>	<u>\$ 364,350,809</u>	<u>100</u>					
Liabilities and Equity									
Current liabilities:									
Short-term loans (notes 6(l)(y))									
Current financial liabilities at fair value through profit or loss (note 6(b))									
Current contract liabilities (note 6(s))									
Notes and trade payables									
Trade payable - related parties (note 7)									
Other payables - related parties (note 7)									
Current lease liabilities (notes 6(m)(y))									
Current portion of long-term loans (notes 6(l)(y))									
Current refund liability (note 6(s))									
Other current liabilities (note 6(u))									
Total current liabilities									
Non-current liabilities:									
Long-term loans (notes 6(l)(y))									
Deferred tax liabilities (note 6(p))									
Non-current lease liabilities (notes 6(m)(y))									
Other non-current liabilities (notes 6(o)(y))									
Total non-current liabilities									
Total liabilities									
Equity (notes 6(e)(q)):									
Ordinary shares					3110	28,406,121	8	28,421,220	8
Capital surplus					3200	24,681,872	7	22,863,619	6
Retained earnings					3300	24,398,715	7	22,321,828	6
Other equity					3400	(3,536,124)	(1)	(4,128,234)	(1)
Treasury shares					3500	-	-	(533,236)	-
Total equity						<u>73,950,584</u>	<u>21</u>	<u>68,945,197</u>	<u>19</u>
Total liabilities and equity						<u>\$ 347,052,242</u>	<u>100</u>	<u>\$ 364,350,809</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

WISTRON CORPORATION**Parent Company Only Statements of Comprehensive Income**

For the years ended December 31, 2019 and 2018

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

	2019		2018	
	Amount	%	Amount	%
4000 Net revenues (notes 6(s) and 7)	\$ 735,742,458	100	750,900,387	100
5000 Cost of sales (notes 6(f)(h)(i)(j)(m)(n)(o)(u), 7 and 12)	715,395,847	97	734,976,713	98
5900 Gross profit	20,346,611	3	15,923,674	2
5910 Unrealized profit from sales	(488,515)	-	(164,564)	-
5950 Net gross profit	19,858,096	3	15,759,110	2
6000 Operating expenses (notes 6(d)(e)(h)(i)(j)(k)(m)(n)(o)(u), 7 and 12):				
6100 Selling	3,016,676	-	2,627,029	-
6200 Administrative	2,144,835	-	2,222,854	-
6300 Research and development	12,306,433	3	11,171,040	2
Total operating expenses	17,467,944	3	16,020,923	2
6900 Operating income (loss)	2,390,152	-	(261,813)	-
7000 Non-operating income and expenses (notes 6(g)(k)(m)(n)(t)(v), 7 and 12):				
7010 Other income	596,035	-	311,483	-
7020 Other gains and losses	631,315	-	1,142,002	-
7050 Finance costs	(2,973,387)	-	(3,050,803)	-
7070 Recognized share of subsidiaries, associates and joint ventures accounted for equity method	5,879,266	1	5,780,462	1
Total non-operating income and expenses	4,133,229	1	4,183,144	1
7900 Profit before tax	6,523,381	1	3,921,331	1
7950 Less: Income tax benefit(note 6(p))	(277,387)	-	(987,141)	-
Net profit	6,800,768	1	4,908,472	1
8300 Other comprehensive income (notes 6(g)(o)(p)(q)(v))				
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311 Losses on remeasurements of defined benefit plans	(96,910)	-	(160,648)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,983,210	-	(326,017)	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(22,733)	-	(552,356)	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(53,900)	-	(54,304)	-
	1,917,467	-	(984,717)	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(1,434,415)	-	1,849,277	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(171,990)	-	(422,729)	-
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(86)	-	20	-
	(1,606,319)	-	1,426,528	-
8300 Other comprehensive income	311,148	-	441,811	-
8500 Total comprehensive income	\$ 7,111,916	1	5,350,283	1
Earnings per share (in dollars) (note 6(r))				
9750 Basic earnings per share	\$ 2.40		1.76	
9850 Diluted earnings per share	\$ 2.36		1.73	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

WISTRON CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Other equity				Total equity	
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets		Treasury shares
Balance at January 1, 2018	\$ 27,486,880	22,076,225	7,591,125	-	13,735,404	21,326,529	(2,740,965)	(1,269,290)	(1,753,005)	65,126,374
Effects of retrospective application	-	-	-	-	641,117	641,117	-	-	-	(159,483)
Balance at January 1, 2018 after adjustments	27,486,880	22,076,225	7,591,125	-	14,376,521	21,967,646	(2,740,965)	1,269,290	(1,753,005)	64,966,891
Net profit	-	-	-	-	4,908,472	4,908,472	-	-	-	4,908,472
Other comprehensive income	-	-	-	-	(118,683)	(118,683)	1,448,373	(887,879)	-	441,811
Total comprehensive income	-	-	-	-	4,789,789	4,789,789	1,448,373	(887,879)	-	5,350,283
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	388,552	-	(388,552)	-	-	-	-	-
Special reserve	-	-	-	4,010,255	(4,010,255)	-	-	-	-	-
Cash dividends	-	-	-	-	(3,208,199)	(3,208,199)	-	-	-	(3,208,199)
Stock dividends	802,050	-	-	-	(802,050)	(802,050)	-	-	-	-
New shares issued through employees' compensation	301,402	409,906	-	-	-	-	-	-	-	711,308
Changes in equity of associates and joint ventures accounted for using equity method	-	359,615	-	-	379	379	-	-	-	359,994
Treasury shares retired	(169,112)	(129,116)	-	-	(73,591)	(73,591)	-	-	371,819	-
Treasury shares transferred to employees	-	(7,186)	-	-	(79,317)	(79,317)	-	-	847,950	761,447
Changes in ownership interests in subsidiaries	-	154,175	-	-	(150,702)	(150,702)	-	-	-	3,473
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(122,127)	(122,127)	-	122,127	-	-
Balance at December 31, 2018	28,421,220	22,863,619	7,979,677	4,010,255	10,331,896	22,321,828	(1,292,592)	(2,835,642)	(533,236)	68,945,197
Effects of retrospective application	-	-	-	-	(54,346)	(54,346)	-	-	-	(54,346)
Balance at January 1, 2019 after adjustments	28,421,220	22,863,619	7,979,677	4,010,255	10,277,550	22,267,482	(1,292,592)	(4,128,234)	(533,236)	68,890,851
Net profit	-	-	-	-	6,800,768	6,800,768	-	-	-	6,800,768
Other comprehensive income	-	-	-	-	(92,207)	(92,207)	1,659,589	2,062,944	-	311,148
Total comprehensive income	-	-	-	-	6,708,561	6,708,561	1,659,589	2,062,944	-	11,182,092
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	490,847	-	(490,847)	-	-	-	-	-
Special reserve	-	-	-	117,979	(117,979)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,226,640)	(4,226,640)	-	-	-	(4,226,640)
Changes in equity of associates and joint ventures accounted for using equity method	-	(29,038)	-	-	-	-	-	-	-	(29,038)
Treasury shares retired	(15,099)	(17,904)	-	-	-	-	-	-	33,003	-
Treasury shares transferred to employees	-	(51,852)	-	-	-	-	-	-	500,233	448,381
Changes in ownership interests in subsidiaries	-	1,800,464	-	-	(161,933)	(161,933)	-	-	-	1,638,531
Share-based payments transaction	-	116,583	-	-	-	-	-	-	-	116,583
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(188,755)	(188,755)	-	188,755	-	-
Balance at December 31, 2019	\$ 28,406,121	24,681,872	8,470,524	4,128,234	11,799,957	24,398,715	(2,952,181)	(583,943)	-	73,950,584

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

WISTRON CORPORATION**Parent Company Only Statements of Cash Flows****For the years ended December 31, 2019 and 2018****(Expressed in Thousands of New Taiwan Dollars)**

	2019	2018
Cash flows generated from operating activities:		
Profit before tax	\$ 6,523,381	3,921,331
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	483,091	392,397
Amortization expense	259,422	272,300
Expected credit loss	274,597	11,882
Net loss on financial assets or liabilities at fair value through profit or loss	389,089	45,797
Interest expense	2,973,387	3,050,803
Interest income	(80,735)	(105,172)
Dividend income	(474,301)	(145,125)
Compensation cost arising from share-based payments	116,583	-
Recognized share of associates and joint ventures accounted for equity method	(5,879,266)	(5,780,462)
Gain on disposal of property, plant and equipment	(46)	(439)
Property, plant and equipment reclassified as expenses	2,778	1,023
Other assets reclassified as expenses	9	2,395
Gain on disposal of investments	(12,475)	(5,887)
Other investment loss	13,597	-
Unrealized profit from sales	488,515	164,564
Lease modification loss	590	-
Loss (gain) on foreign currency exchange arising from loans and guarantee deposits	(686,620)	1,423,880
Total adjustments to reconcile profit	<u>(2,131,785)</u>	<u>(672,044)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes and trade receivables	1,366,986	(22,123,003)
Decrease in trade receivables - related parties	7,187,656	37,235,614
Increase in other receivable - related parties	(191,910)	(162,282)
Decrease (increase) in inventories	(4,183,272)	4,931,112
Increase in other current assets	<u>(1,392,416)</u>	<u>(3,391,241)</u>
Total changes in operating assets	<u>2,787,044</u>	<u>16,490,200</u>
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	345,282	(529,963)
Decrease in notes and trade payables	(161,339)	(563,912)
Decrease in trade payables - related parties	(6,242,623)	(28,022,793)
Increase (decrease) in other payables - related parties	(6,189,992)	5,124,038
Increase in current refund liability	1,259,621	1,020,320
Increase in other current liabilities	6,731,190	6,413,454
Decrease in other non-current liabilities	<u>(219,837)</u>	<u>(36,870)</u>
Total changes in operating liabilities	<u>(4,477,698)</u>	<u>(16,595,726)</u>
Net changes in operating assets and liabilities	<u>(1,690,654)</u>	<u>(105,526)</u>
Total changes in operating assets and liabilities	<u>(3,822,439)</u>	<u>(777,570)</u>
Cash inflow used in operations	2,700,942	3,143,761
Interest received	84,035	96,921
Dividends received	2,137,816	775,051
Interest paid	(3,086,266)	(2,986,287)
Income taxes paid	<u>471,738</u>	<u>(13,542)</u>
Net cash flows generated from operating activities	<u>2,308,265</u>	<u>1,015,904</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(185,520)	(150,152)
Proceeds from disposal of financial assets at fair value through other comprehensive income	24,189	13,630
Return of financial assets at fair value through other comprehensive income	43,794	37,045
Acquisition of financial assets at fair value through profit or loss	(145,662)	(301,135)
Proceeds from disposal of financial assets at fair value through profit or loss	1,914	351,289
Decrease (increase) in other receivable - related parties	(752,650)	522,340
Addition to equity - accounted investees	(219,943)	(6,765,306)
Proceeds from disposal of equity - accounted investees	-	13,812
Proceeds from capital reduction of investments accounted for using equity method	-	586,316
Acquisition of property, plant and equipment	(532,630)	(397,159)
Proceeds from disposal of property, plant and equipment	27,957	158,136
Increase in refundable deposits	(131,293)	-
Increase in intangible assets	(88,134)	(316,343)
Increase in other non-current assets	<u>(87,545)</u>	<u>(85,975)</u>
Net cash flows used in investing activities	<u>(2,045,523)</u>	<u>(6,333,502)</u>
Cash flows used in financing activities:		
Increase in short-term loans	563,978,583	484,141,756
Repayments of short-term loans	(576,166,055)	(499,972,986)
Increase in long-term loans	8,819,755	16,158,205
Repayments of long-term loans	(5,071,489)	(10,579,610)
Increase (decrease) in guarantee deposits received	(63,804)	335,445
Payment of lease liabilities	(187,331)	-
Cash dividends paid	(4,226,640)	(3,208,199)
Treasury shares transferred to employees	<u>448,381</u>	<u>761,447</u>
Net cash flows used in financing activities	<u>(12,468,600)</u>	<u>(12,363,942)</u>
Net decrease in cash and cash equivalents	<u>(12,205,858)</u>	<u>(17,681,540)</u>
Cash and cash equivalents at beginning of year	<u>15,244,305</u>	<u>32,925,845</u>
Cash and cash equivalents at end of year	<u>\$ 3,038,447</u>	<u>15,244,305</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

The Company is currently engaged in the research, development, design, manufacturing, testing and sale of the following products and semi-finished products, and their peripheral equipment, parts and components:

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

(2) Approval date and procedures of the financial statements

The parent company only financial statements for the years ended December 31, 2019 and 2018 were authorized for issue by the Board of Directors on March 24, 2020.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(3) New standards, amendments and interpretations adopted:

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

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

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

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

- (i) IFRS 16 “Leases”

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

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

- 1) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note (1)

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

(Continued)

WISTRON CORPORATION**Notes to the Parent Company Only Financial Statements**

2) As a lessee

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

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

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

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

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

3) Impacts on financial statements

On transition to IFRS 16, the Company recognized additional right-of-use assets and lease liabilities amounting to \$464,171 and \$463,845, respectively, and recognized the differences in equity-accounted investees of \$54,672 and retained earnings of \$54,346. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.72%.

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

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's financial statements	\$ 461,176
Extension and termination options reasonably certain to be exercised	4,360
	465,536
Discounted using the incremental borrowing rates at January 1, 2019	(1,691)
Lease liabilities recognized at January 1, 2019	\$ 463,845

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

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

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. And the accounting policies have been applied consistently to all periods presented in these parent company only financial statements, except for which explained specially.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

(a) Statement of compliance

The 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 consolidated financial statements, the Chinese version shall prevail.

These parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency of the Company at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the New Taiwan Dollars are presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollars at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period;
- (iv) The asset is cash or a cash equivalent, but excluding the asset restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period;
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand and check deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

1) Classification of financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income – equity investment; or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

WISTRON CORPORATION**Notes to the Parent Company Only Financial Statements**

a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the "trade receivables" line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

2) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivable, other receivable and guarantee deposits), trade receivable measured at FVOCI.

The Company measures loss allowance at an amount equal to lifetime ECL. The Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed; both qualitative and quantitative information and also basing on the Company's historical experiences and informed credit assessment as well as forward-looking information. For the financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the standard cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries. In subsidiaries which are controlled by the Company is accounted for preparing the consolidated statement by each period.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(j) Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently, at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value, which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a systematic basis over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings and improvements: 20 to 50 years
- 2) Machinery and equipment: 3 to 10 years
- 3) Molding equipment: 1 year
- 4) Research and development equipment: 3 to 5 years
- 5) Furniture, fixtures and other equipment: 3 to 10 years

The Company review depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(iv) Reclassify to investment property

The property is reclassified to investment property as its carrying amount when the use of the property changes from owner-occupied to investment property.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(l) Lease

(i) Applicable from January 1, 2019

1) Identifying a lease

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

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

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

2) As a lessee

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

(Continued)

WISTRON CORPORATION**Notes to the Parent Company Only Financial Statements**

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

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

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

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

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

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

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

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

(Continued)

WISTRON CORPORATION**Notes to the Parent Company Only Financial Statements**

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

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

3) As a lessor

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

(ii) Applicable before January 1, 2019

1) Lessor

Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

2) Lessee

Leases are operating leases and are not recognized in the Company's balance sheets.

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognized as expense in the period in which it is occurred.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as occurred.

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WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and software, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as occurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- 1) Patents: 10 years
- 2) Software: 4 to 10 years
- 3) Customer relationships: 5 years
- 4) Professional technology: 20 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjust if appropriate.

(n) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(p) Revenue

(i) Revenue from contracts with customers

Revenue is measured basing on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

1) Sale of goods

The Company manufactures and sells electronic products to international brand customers. The Company recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the related risk and rewards of ownership are transferred, and there is no continuing management involvement with the goods. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

The Company often offers volume discounts to its customers based on aggregate sales. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

The Company provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Company would sell the product and the extended warranty separately in similar circumstances and to similar customers. The Company recognizes revenue for the service-type warranty on a straight-line basis over the extended warranty period.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Service revenue

The Company provide maintenance service. The Company will recognize the revenue when the performance obligation completed.

3) Financing components

The Company does not expect to have almost contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

The grant date of share-based payment is the date that the subscription price and shares are authorized by the Board of Directors.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

(s) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(t) Earnings per share

The Company discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as accrued employee compensation.

(u) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statement.

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

The preparation of the parent company only financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Trade receivable valuation

The Company has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(d).

(b) Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of the inventory is mainly determined basing on the demand of products in the future. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(f) for further description of the valuation of inventories.

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Notes to the Parent Company Only Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	\$ 17,733	16,108
Demand and check deposits	2,265,307	13,745,018
Time deposits	<u>755,407</u>	<u>1,483,179</u>
	<u>\$ 3,038,447</u>	<u>15,244,305</u>

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

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

	December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Foreign currency swap contracts	\$ 1,973	11,755
Foreign currency forward contracts	6,593	2,048
Non-derivative financial assets		
Money market fund	<u>50,361</u>	<u>50,105</u>
	<u>\$ 58,927</u>	<u>63,908</u>

(ii) Financial liabilities at fair value through profit or loss-current:

	December 31, 2019	December 31, 2018
Held-for trading financial liabilities:		
Derivative instruments not used for hedging		
Foreign currency swap contracts	\$ 51,687	63,029
Foreign currency forward contracts	<u>16,356</u>	<u>11,307</u>
	<u>\$ 68,043</u>	<u>74,336</u>

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

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

1) Foreign currency swap contracts:

December 31, 2019		
Amount (in thousands)	Currency	Expiration
EUR <u>6,000</u>	EUR Put / USD Call	2020/1/21
USD <u>560,000</u>	TWD Put / USD Call	2020/1/6~2020/1/14
December 31, 2018		
Amount (in thousands)	Currency	Expiration
USD <u>55,000</u>	USD Put / TWD Call	2019/1/2~2019/1/3
EUR <u>6,000</u>	EUR Put / USD Call	2019/1/10
USD <u>1,070,000</u>	TWD Put / USD Call	2019/1/2~2019/3/12

2) Foreign currency forward contracts:

December 31, 2019		
Amount (in thousands)	Currency	Expiration
USD <u>22,000</u>	USD Put / CNY Call	2020/1/6
USD <u>313,000</u>	TWD Put / USD Call	2020/1/2~2020/1/17
December 31, 2018		
Amount (in thousands)	Currency	Expiration
USD <u>222,000</u>	TWD Put / USD Call	2019/1/2~2019/1/30

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

	December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Convertible bonds	\$ <u>136,114</u>	<u>382,766</u>

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

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Equity investments at fair value through other comprehensive income:		
Listed companies	\$ 3,826,716	1,380,609
Unlisted companies	178,446	221,456
Unlisted fund	<u>613,740</u>	<u>917,120</u>
Total	<u>\$ 4,618,902</u>	<u>2,519,185</u>

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

The Company sold its shares in Applied BioCode, Inc., Phostek, Inc., Jafco Asia Technology Fund IV, Kibou Fund L.P. with a fair value of \$25,219 during 2019; as well as disposed its shares in Jafco Asia Technology Fund III, Jafco Asia Technology Fund IV, Gaminia, Xplore Technologies Corp., FineMat Applied Materials Co., Ltd., and Applied BioCode, Inc. with a fair value of \$13,630 during 2018, resulting in the Company to recognize the net losses of \$188,755 and \$122,127, respectively, which were accounted for as under other comprehensive income; then later on, were reclassified to retained earnings.

- (ii) For the disclosure of market risk, please refer to Note 6(v).
 (iii) The aforementioned financial assets were not pledged as collateral.

- (d) Notes and trade receivables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes receivable measured at amortized cost	\$ 41,035	147
Trade receivables - measured at amortized cost	60,860,193	66,518,531
Trade receivables - measured at FVOCI	8,620,356	4,556,336
Trade receivables - related parties - measured at amortized cost	153,326,860	160,521,861
Less: loss allowance	<u>(658,197)</u>	<u>(582,288)</u>
	<u>\$ 222,190,247</u>	<u>231,014,587</u>

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

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

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

	December 31, 2019		
	Gross carrying amount	Weighted - average expected credit loss rate	Expected credit loss
Current	\$ 203,797,905	0%	-
1 to 60 days past due	15,336,254	1.250%	58,299
61 to 120 days past due	3,129,296	1.250%	480
121 to 180 days past due	28,399	2.500%	403
181 to 240 days past due	190	2.500%	5
241 to 300 days past due	-	2.500%~5.357%	-
More than 301 days past due	556,400	5.357%~100%	556,072
Total	\$ 222,848,444		615,259

	December 31, 2018		
	Gross carrying amount	Weighted - average expected credit loss rate	Expected credit loss
Current	\$ 221,517,944	0%~0.00038%	90
1 to 60 days past due	7,055,728	0%~2.34%	4,350
61 to 120 days past due	2,437,137	0%~7.26%	21
121 to 180 days past due	8,183	0%	-
181 to 240 days past due	1,173	0%	-
241 to 300 days past due	748	0%~4.348%	-
More than 301 days past due	575,962	13.04%~100%	575,962
Total	\$ 231,596,875		580,423

The movement in the allowance for notes and trade receivables were as follows:

	2019	2018
Balance on January 1	\$ 582,288	768,137
Impairment losses recognized	76,865	11,882
Amounts written off	(956)	-
Reclassification	-	(197,731)
Balance on December 31	\$ 658,197	582,288

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

The Company entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Company does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Company derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The amounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those trade receivables.

As of December 31, 2019 and 2018, the relevant information on trade receivables factored but unsettled were as follows:

Unit: USD in thousands

December 31, 2019						
Purchaser	Amount derecognized	Amount Advanced		Amount recognized in Other Receivables	Interest rate collar	Collateral
		Paid	Unpaid			
Financial institutions	\$ <u>1,456,765</u>	<u>1,414,855</u>	<u>1,286,737</u> (Note)	<u>41,910</u>	2.22%~3.11%	<u>691,000</u> (Note)
December 31, 2018						
Purchaser	Amount derecognized	Amount Advanced		Amount Recognized in Other Receivables	Interest rate collar	Collateral
		Paid	Unpaid			
Financial institutions	\$ <u>1,812,582</u>	<u>1,744,982</u>	<u>1,723,693</u> (Note)	<u>67,600</u>	2.04%~3.81%	<u>691,000</u> (Note)

(Note): The unpaid amount advanced and the collateral were shared by the Company and its subsidiary.

As of December 31, 2019 and 2018, the notes and trade receivables were not pledged.

(e) Other receivables

	December 31, 2019	December 31, 2018
Other current assets – other receivables	\$ 4,840,746	12,389,560
Other receivables – related parties	1,361,738	410,814
Less: loss allowance	<u>(395,463)</u>	<u>(197,731)</u>
	<u>\$ 5,807,021</u>	<u>12,602,643</u>

As of December 31, 2019 and 2018, the Company recognized its expected credit loss of \$395,463 and \$197,731, respectively.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

The movement in the loss allowance for other receivables are as follows:

	<u>2019</u>	<u>2018</u>
Balance on January 1	\$ 197,731	-
Impairment loss recognized	197,732	-
Reclassification	<u>-</u>	<u>197,731</u>
Balance on December 31	<u><u>\$ 395,463</u></u>	<u><u>197,731</u></u>

(f) Inventories

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Raw materials	\$ 3,435,739	1,452,534
Work in progress	203,868	143,208
Finished goods	7,274,781	4,534,974
Inventory in transit	<u>5,581,810</u>	<u>6,182,210</u>
	<u><u>\$ 16,496,198</u></u>	<u><u>12,312,926</u></u>

For the years ended December 31, 2019 and 2018, the details of cost of sales were as follows:

	<u>2019</u>	<u>2018</u>
Cost of goods sold	\$ 714,711,290	735,001,558
Loss on valuation of inventories	210,821	140,276
Loss (reversal gain) on supplier inventory reserve	502,953	(132,726)
Income from sale of scraps	<u>(29,217)</u>	<u>(32,395)</u>
	<u><u>\$ 715,395,847</u></u>	<u><u>734,976,713</u></u>

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

(g) Equity-accounted investees

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

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Subsidiaries	\$ 78,275,554	74,339,880
Associates	<u>4,548,139</u>	<u>4,612,071</u>
	<u><u>\$ 82,823,693</u></u>	<u><u>78,951,951</u></u>

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2019.

(ii) Associates

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

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
WNC	\$ 3,720,953	6,770,438	3,771,052	7,165,007
FPI	493,087	820,001	465,872	860,237
	<u>\$ 4,214,040</u>	<u>7,590,439</u>	<u>4,236,924</u>	<u>8,025,244</u>

- 2) For the years ended December 31, 2019 and 2018, the recognized share of profits and other comprehensive income of associates were as follows:

	<u>2019</u>	<u>2018</u>
Attributable to the Company:		
Net profit	\$ 392,887	472,763
Other comprehensive income	(12,093)	40,631
Comprehensive income	<u>\$ 380,794</u>	<u>513,394</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total assets	<u>\$ 41,920,327</u>	<u>40,560,370</u>
Total liabilities	<u>\$ 22,602,447</u>	<u>21,620,224</u>
	<u>2019</u>	<u>2018</u>
Revenue	<u>\$ 70,282,365</u>	<u>63,157,938</u>
Profit	<u>\$ 1,575,038</u>	<u>1,894,971</u>

(iii) Collateral

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

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(h) Property, plant and equipment

	<u>Land</u>	<u>Building and improvements</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Research and development equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:								
Balance at January 1, 2019	\$ 2,810,384	2,212,871	643,344	11,964,531	2,229,546	866,963	512,601	21,240,240
Additions	-	28,822	300,542	9,807	110,142	54,819	28,498	532,630
Reclassification	-	-	62,844	17,243	2,708	-	10,850	93,645
Reclassified from expense (as expense)	-	(2,841)	260	-	(230)	2	31	(2,778)
Disposals	-	(50,511)	(37,406)	(227,470)	(320,548)	(20,438)	(191,551)	(847,924)
Balance at December 31, 2019	<u>\$ 2,810,384</u>	<u>2,188,341</u>	<u>969,584</u>	<u>11,764,111</u>	<u>2,021,618</u>	<u>901,346</u>	<u>360,429</u>	<u>21,015,813</u>
Balance at January 1, 2018	\$ 2,810,384	2,269,492	621,589	12,769,953	2,126,550	921,216	686,093	22,205,277
Additions	-	4,321	13,328	5,394	96,241	31,742	246,133	397,159
Reclassification (Note)	-	1,995	12,932	47,139	9,003	1,491	4,016	76,576
Reclassified as expense	-	-	-	-	(329)	(694)	-	(1,023)
Disposals	-	(62,937)	(4,505)	(857,955)	(1,919)	(86,792)	(423,641)	(1,437,749)
Balance at December 31, 2018	<u>\$ 2,810,384</u>	<u>2,212,871</u>	<u>643,344</u>	<u>11,964,531</u>	<u>2,229,546</u>	<u>866,963</u>	<u>512,601</u>	<u>21,240,240</u>
Accumulated depreciation:								
Balance at January 1, 2019	\$ -	731,882	611,596	11,938,693	2,003,629	807,846	398,854	16,492,500
Depreciation	-	65,212	20,900	37,893	99,404	29,972	50,478	303,859
Disposals	-	(50,511)	(30,867)	(227,470)	(308,705)	(20,421)	(182,039)	(820,013)
Balance at December 31, 2019	<u>\$ -</u>	<u>746,583</u>	<u>601,629</u>	<u>11,749,116</u>	<u>1,794,328</u>	<u>817,397</u>	<u>267,293</u>	<u>15,976,346</u>
Balance at January 1, 2018	\$ -	731,268	608,920	12,681,339	1,872,017	861,965	628,391	17,383,900
Depreciation	-	63,550	7,181	115,309	133,531	32,667	36,414	388,652
Disposals	-	(62,936)	(4,505)	(857,955)	(1,919)	(86,786)	(265,951)	(1,280,052)
Balance at December 31, 2018	<u>\$ -</u>	<u>731,882</u>	<u>611,596</u>	<u>11,938,693</u>	<u>2,003,629</u>	<u>807,846</u>	<u>398,854</u>	<u>16,492,500</u>
Carrying value:								
Balance at December 31, 2019	<u>\$ 2,810,384</u>	<u>1,441,758</u>	<u>367,955</u>	<u>14,995</u>	<u>227,290</u>	<u>83,949</u>	<u>93,136</u>	<u>5,039,467</u>
Balance at December 31, 2018	<u>\$ 2,810,384</u>	<u>1,480,989</u>	<u>31,748</u>	<u>25,838</u>	<u>225,917</u>	<u>59,117</u>	<u>113,747</u>	<u>4,747,740</u>
Balance at January 1, 2018	<u>\$ 2,810,384</u>	<u>1,538,224</u>	<u>12,669</u>	<u>88,614</u>	<u>254,533</u>	<u>59,251</u>	<u>57,702</u>	<u>4,821,377</u>

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

As of December 31, 2019 and 2018, the property, plant and equipment were not pledged as collateral.

(i) Right-of-use assets

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

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WISTRON CORPORATION

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	<u>Land</u>	<u>Building and improvements</u>	<u>Office equipment</u>	<u>Transportation</u>	<u>Other equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2019	\$ -	-	-	-	-	-
Effects of retrospective application	113,240	610,822	-	30,450	4,345	758,857
Addition	-	83,964	24,144	14,547	-	122,655
Decrease	-	(17,861)	-	(1,417)	-	(19,278)
Balance at December 31, 2019	<u>\$ 113,240</u>	<u>676,925</u>	<u>24,144</u>	<u>43,580</u>	<u>4,345</u>	<u>862,234</u>
Accumulated depreciation and impairment losses:						
Balance at January 1, 2019	\$ -	-	-	-	-	-
Effects of retrospective application	48,601	236,332	-	8,966	787	294,686
Depreciation	5,387	155,755	4,132	9,229	984	175,487
Decrease	-	(3,943)	-	(1,343)	-	(5,286)
Balance at December 31, 2019	<u>\$ 53,988</u>	<u>388,144</u>	<u>4,132</u>	<u>16,852</u>	<u>1,771</u>	<u>464,887</u>
Carrying amount:						
Balance at December 31, 2019	<u>\$ 59,252</u>	<u>288,781</u>	<u>20,012</u>	<u>26,728</u>	<u>2,574</u>	<u>397,347</u>

The Company leases offices, warehouses and factory facilities under an operating lease for the year ended December 31, 2018, please refer to Note 6(n).

(j) Intangible assets

	<u>Patent</u>	<u>Software</u>	<u>Goodwill</u>	<u>Customer relationship</u>	<u>Total</u>
Costs:					
Balance at January 1, 2019	\$ 946,312	587,114	561,485	264,800	2,359,711
Additions	-	88,134	-	-	88,134
Decrease	(680,416)	(143,983)	-	(264,800)	(1,089,199)
Balance at December 31, 2019	<u>\$ 265,896</u>	<u>531,265</u>	<u>561,485</u>	<u>-</u>	<u>1,358,646</u>
Balance at January 1, 2018	\$ 952,561	2,072,033	561,485	264,800	3,850,879
Additions	-	316,343	-	-	316,343
Decrease	(6,249)	(1,801,262)	-	-	(1,807,511)
Balance at December 31, 2018	<u>\$ 946,312</u>	<u>587,114</u>	<u>561,485</u>	<u>264,800</u>	<u>2,359,711</u>
Accumulated amortization:					
Balance at January 1, 2019	\$ 866,207	287,206	-	264,800	1,418,213
Amortization	36,782	222,640	-	-	259,422
Decrease	(680,416)	(143,983)	-	(264,800)	(1,089,199)
Balance at December 31, 2019	<u>\$ 222,573</u>	<u>365,863</u>	<u>-</u>	<u>-</u>	<u>588,436</u>
Balance at January 1, 2018	\$ 815,789	1,872,835	-	264,800	2,953,424
Amortization	56,667	215,633	-	-	272,300
Decrease	(6,249)	(1,801,262)	-	-	(1,807,511)
Balance at December 31, 2018	<u>\$ 866,207</u>	<u>287,206</u>	<u>-</u>	<u>264,800</u>	<u>1,418,213</u>
Carrying value :					
Balance at December 31, 2019	<u>\$ 43,323</u>	<u>165,402</u>	<u>561,485</u>	<u>-</u>	<u>770,210</u>
Balance at December 31, 2018	<u>\$ 80,105</u>	<u>299,908</u>	<u>561,485</u>	<u>-</u>	<u>941,498</u>
Balance at January 1, 2018	<u>\$ 136,772</u>	<u>199,198</u>	<u>561,485</u>	<u>-</u>	<u>897,455</u>

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Notes to the Parent Company Only Financial Statements

(i) Impairment testing for goodwill

- 1) For the Company's impairment testing purpose, goodwill has been allocated to the operating units testing purpose. The units are the minimum level for the Company to goodwill, and its level is not higher than Company's operating divisions.

The carrying amounts of goodwill were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Developing and manufacturing services cash-generating units	<u>\$ 561,485</u>	<u>561,485</u>

- 2) The recoverable amount of developing and manufacturing services cash-generating unit (CGU) was based on its value-in-use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The key assumptions used in the estimation of the value in use were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Revenue growth rate	4 %	15 %
After-tax discount rate	6.85 %	4.76 %

The key assumptions represents the management's evaluation of the future industry trends, and of which, the external, internal and also historical information, were considered. There was no impairment occurred as of December 31, 2019 and 2018.

(ii) Collateral

As of December 31, 2019 and 2018, the intangible assets were not pledged as collateral.

(k) Other current assets and non-current assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
(i) Other current assets:		
Other receivables, net	\$ 4,445,283	12,191,829
Tax refundable	228,778	47,289
Prepaid royalties	310,492	349,859
Other prepayments	343,860	371,444
Others	<u>1,411</u>	<u>2,575</u>
	<u>\$ 5,329,824</u>	<u>12,962,996</u>

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Notes to the Parent Company Only Financial Statements

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
(ii) Other non-current assets:		
Advance payment for equipment	\$ 14,989	13,444
Investment property	175,069	178,814
Others	<u>189,620</u>	<u>65,982</u>
	<u>\$ 379,678</u>	<u>258,240</u>

- Investment property comprises land and office buildings that are leased to subsidiary under operating leases, including properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 1 year. The leases provide the lessees with options to extend at the end of the term.

- 1) The cost and accumulated depreciation of investment property for the years ended December 31, 2019 and 2018, were as follows:

	<u>Owned property</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at December 31, 2019 (same as balance at January 1, 2019)	\$ <u>51,477</u>	<u>185,708</u>	<u>237,185</u>
Balance at December 31, 2018 (same as balance at January 1, 2018)	\$ <u>51,477</u>	<u>185,708</u>	<u>237,185</u>
Accumulated depreciation:			
Balance at January 1, 2019	\$ -	58,371	58,371
Depreciation	-	<u>3,745</u>	<u>3,745</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>62,116</u>	<u>62,116</u>
Balance at January 1, 2018	\$ -	54,626	54,626
Depreciation	-	<u>3,745</u>	<u>3,745</u>
Balance at December 31, 2018	<u>\$ -</u>	<u>58,371</u>	<u>58,371</u>
Carrying amount :			
Balance at December 31, 2019	<u>\$ 51,477</u>	<u>123,592</u>	<u>175,069</u>
Balance at December 31, 2018	<u>\$ 51,477</u>	<u>127,337</u>	<u>178,814</u>
Balance at January 1, 2018	<u>\$ 51,477</u>	<u>131,082</u>	<u>182,559</u>

- 2) Rental income and direct operating expenses arising from investment property that generate rental income were as follows:

	<u>2019</u>	<u>2018</u>
Rent income	\$ <u>7,794</u>	<u>28,971</u>
Direct operating expense arising from investment property that generates rental income	<u>\$ 3,745</u>	<u>3,745</u>

(Continued)

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- 3) The fair value of the investment property was measured as the cash flows the Company expected to receive, and which was discounted with a particular interest rate to reflect the market price. The yields applied to the net annual rentals used to determine the fair value of properties was 0.9% and 0.3% for the years ended December 31, 2019 and 2018, respectively.
- 4) As of December 31, 2019 and 2018, the investments property were not pledged as collateral.

(l) Bank loans

(i) Short-term loans

December 31, 2019				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.15%~2.51%	2020/1/2~2020/2/25	\$ 21,680,378
Unsecured bank loans	JPY	0.69%	2020/1/20	127,074
Unsecured bank loans	EUR	0.69%	2020/1/20	57,562
Total				<u>\$ 21,865,014</u>
Unused credit line				<u>\$ 69,944,802</u>

December 31, 2018				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.85%~3.46%	2019/1/2~2019/2/24	\$ 34,299,269
Unsecured bank loans	JPY	0.69%	2019/1/10	131,904
Unsecured bank loans	EUR	0.69%	2019/1/24	3,514
Total				<u>\$ 34,434,687</u>
Unused credit line				<u>\$ 61,168,558</u>

(ii) Long-term loans

December 31, 2019				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.31%~3.00%	2020/4/9~2022/3/7	\$ 18,159,452
Less: current portion				(2,407,177)
Total				<u>\$ 15,752,275</u>
Unused credit line				<u>\$ 9,710,559</u>

December 31, 2018				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	3.59%~3.64%	2021/5/23	\$ 14,712,146
Unused credit line				<u>\$ 13,693,200</u>

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Notes to the Parent Company Only Financial Statements

(iii) Breach of covenant

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

Total credit facility: USD800,000,000

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

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

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

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

(iv) The interest expenses for short-term and long-term loans for the years ended December 31, 2019 and 2018, were disclosed in Note 6(t).

(m) Lease liabilities

	December 31, 2019
Current	\$ 153,748
Non-current financial assets	\$ 239,052

For the disclosure of maturity analysis, please refer to Note 6(v).

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	\$ 7,033
Variable lease payments not included in the measurement of lease liabilities	\$ 5,382
Expenses of short term lease	\$ 13,411
Expenses relating to leases of low-value assets	\$ 146

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

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

	2019
Total cash outflow for leases	<u>\$ 213,304</u>

(i) Leases of land, buildings and improvement

As of December 31, 2019, the Company leases land, buildings and improvement for its office space, factory, warehouse and staff dormitories. The leases of land run for a period of 19 years, and of buildings typically for 1 to 10 years. Furthermore, the Company leases office equipment and transportation equipment, with lease terms typically of 1 to 5 years. Some leases contain extension options. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

As of December 31, 2019, there is not the occurrence of either a significant event or a significant change in circumstances and the reassessment of the lease required.

(ii) Other leases

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

(n) Operating leases

(i) Lessee

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

	December 31,
	2018
Less than one year	\$ 170,571
Between one to five years	247,754
More than five years	<u>42,851</u>
	<u>\$ 461,176</u>

The Company leases the a number of offices, warehouses and facilities under operating leases. The leases typically run for a period of 1 to 12 years.

For the year ended December 31, 2018, expenses recognized in profit or loss in respect of operating leases, were \$172,819.

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(ii) Lessor

The Company leases a number of offices, factories and facilities under operating leases. The Company has classified these leases as operating leases, because it doesn't transfer substantially all of the risks and rewards incidental to the ownership of the assets. For the years ended December 31, 2019 and 2018, rental income recognized in profit or loss, were \$40,999 and \$61,186, respectively.

	December 31, 2019	December 31, 2018
Less than one year	\$ 8,252	15,750
Between one to five years	5,119	5,040
More than five years	<u>9,240</u>	<u>10,500</u>
Total	<u>\$ 22,611</u>	<u>31,290</u>

(o) Employee benefits

(i) Defined benefit plans

The movements in the present value of the defined benefit obligations and net defined benefit liabilities were as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	\$ 1,998,728	2,039,321
Fair value of plan assets	<u>(1,002,786)</u>	<u>(920,452)</u>
Net defined benefit liabilities	<u>\$ 995,942</u>	<u>1,118,869</u>

The Company makes defined benefit plans contributions to the pension fund accounts to Bank of Taiwan and Taipei Fubon commercial bank that provide pension for employees upon can annual payment equal to the average salary based on years or service and six months prior to retirement.

1) Composition of plan assets

The Company set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's labor pension reserve account balance in Bank of Taiwan and Taipei Fubon commercial bank amounted to and \$1,002,786 and \$920,452 as of December 31, 2019 and 2018, respectively. The utilization of the labor pension fund assets of the domestic entities of the Company includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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Notes to the Parent Company Only Financial Statements

- 2) The movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Balance at January 1	\$ 2,039,321	1,913,917
Current service cost and interests	36,672	42,361
Benefit paid by the Company	(56,204)	(16,234)
Benefit paid by the plan	(142,950)	(78,882)
Effect of employee transfer	-	(29)
Net remeasurements of defined benefit liabilities		
-Actuarial losses arising from changes in financial assumptions	57,142	59,846
-Experience adjustments	64,747	118,342
Balance at December 31	<u>\$ 1,998,728</u>	<u>2,039,321</u>

- 3) The movements in the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	<u>2019</u>	<u>2018</u>
Fair value of plan assets at January 1	\$ 920,452	918,826
Contribution paid by the employer	187,846	48,214
Benefit paid by the plan	(142,950)	(78,882)
Expected return on plan assets	12,459	14,754
Net remeasurements of defined benefit liabilities		
-Return on plan assets	24,979	17,540
Balance at December 31	<u>\$ 1,002,786</u>	<u>920,452</u>

- 4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2019 and 2018, were as follow:

	<u>2019</u>	<u>2018</u>
Current service cost	\$ 9,066	11,746
Net interest on the net defined benefit liabilities	27,606	30,615
Net remeasurements of defined benefit liabilities		
-Loss on plan assets	24,979	17,540
Accrual return on plan assets	(37,438)	(32,294)
	<u>\$ 24,213</u>	<u>27,607</u>

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	<u>2019</u>	<u>2018</u>
Cost of sales	\$ 7,261	6,099
Selling expenses	2,389	2,885
Administrative expenses	4,650	5,130
Research and development expenses	<u>9,913</u>	<u>13,493</u>
	<u><u>\$ 24,213</u></u>	<u><u>27,607</u></u>

- 5) The remeasurements of the net defined benefit liabilities recognized in other comprehensive income

As of December 31, 2019 and 2018, the Company's remeasurements of the net defined benefit liabilities recognized in other comprehensive income were as follows:

	<u>2019</u>	<u>2018</u>
Balance at January 1	\$ 544,805	384,157
Recognized during the year	<u>96,910</u>	<u>160,648</u>
Balance at December 31	<u><u>\$ 641,715</u></u>	<u><u>544,805</u></u>

- 6) Actuarial assumptions

The Company's principal actuarial assumptions at the reporting dates are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Discount rate	1.125 %	1.375 %
Future salary increases	3.000 %	3.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after December 31, 2019 is \$41,232.

The weighted average lifetime of the defined benefits plans is 15.05 years.

- 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Effects to the defined benefit obligation</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2019		
Discount rate	\$ (57,142)	59,487
Future salary increases	57,262	(55,350)
December 31, 2018		
Discount rate	(59,846)	62,362
Future salary increases	60,240	(58,100)

(Continued)

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There is no change in other assumptions when performing the aforementioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

(ii) Defined contribution plans

The Company set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

The Company set aside \$375,250 and \$347,202 of the pension costs to the Bureau of Labor Insurance for the years ended December 31, 2019 and 2018, respectively.

(p) Income Taxes

(i) Income tax expense

1) The components of income tax benefit for the years ended December 31, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Current tax expense		
Current period	\$ 778,661	89,243
Prior period adjustments	<u>105,037</u>	<u>(79,671)</u>
	<u>883,698</u>	<u>9,572</u>
Deferred tax benefit		
Origination and reversal of temporary difference	(1,161,085)	(1,081,459)
Effect on tax rate change on deferred income tax	<u>-</u>	<u>84,746</u>
	<u>(1,161,085)</u>	<u>(996,713)</u>
Income tax benefit	<u>\$ (277,387)</u>	<u>(987,141)</u>

(Continued)

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- 2) The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Items that will not be reclassified to profit or loss subsequently:		
Remeasurements of the net defined benefit plans	\$ (19,382)	(42,549)
Unrealized losses on equity instruments at fair value through other comprehensive income	(34,518)	(11,755)
	<u>(53,900)</u>	<u>(54,304)</u>
Items that may be reclassified to profit or loss subsequently:		
Exchange differences on translation of foreign financial statements	\$ <u>(86)</u>	<u>20</u>

- 3) The reconciliation of income tax benefit and profit before tax for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Profit before tax	\$ 6,523,381	3,921,331
Estimated income tax calculated based on the Company's statutory tax rate	1,304,676	784,266
Effect of tax rate changes on deferred income tax	-	84,746
Tax-exempt income	(744,236)	(734,949)
Prior-period tax adjustments	105,037	(79,671)
Change in unrecognized temporary deductible differences	(1,008,893)	(832,989)
Others	66,029	(208,544)
	<u>\$ (277,387)</u>	<u>(987,141)</u>

- (ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred income tax assets and liability
- a) Unrecognized deferred income tax assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deductible temporary differences	\$ <u>1,107,459</u>	<u>999,784</u>

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

b) Unrecognized deferred tax assets and liabilities on investment

As of December 31, 2019 and 2018, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax assets and liabilities were as follows:

	December 31, 2019	December 31, 2018
The temporary differences associated with investment in subsidiaries (tax amount):		
Unrecognized deferred tax assets	\$ 825,338	721,687
Unrecognized deferred tax liabilities	\$ 3,783,802	2,667,234

2) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2019 and 2018 were as follows:

	Recognized share of loss of subsidiaries and associates accounted for equity method	Unrealized exchange loss	Contract liability	Refund liability	Allowance for inventory obsolescence and accrued expense	Unearned revenue	Others	Total
Deferred tax assets:								
Balance at January 1, 2019	\$ 409,107	149,817	81,800	1,235,393	313,482	601,980	1,031,276	3,822,855
Recognized in profit or loss	-	(18,112)	(81,800)	468,702	104,284	308,574	(195,335)	586,313
Recognized in other comprehensive income	-	-	-	-	-	-	(24,206)	(24,206)
Balance at December 31, 2019	\$ 409,107	131,705	-	1,704,095	417,766	910,554	811,735	4,384,962
Balance at January 1, 2018	\$ 347,741	898,163	290,962	731,613	280,821	59,629	414,334	3,023,263
Effects of retrospective application	-	-	-	-	-	-	69,574	69,574
Recognized in profit or loss	61,366	(748,346)	(209,162)	503,780	32,661	542,351	436,264	618,914
Recognized in other comprehensive income	-	-	-	-	-	-	111,104	111,104
Balance at December 31, 2018	\$ 409,107	149,817	81,800	1,235,393	313,482	601,980	1,031,276	3,822,855
Deferred tax liabilities:								
Balance at January 1, 2019	\$ 2,989,990		147,675		3,137,665			
Recognized in profit or loss	(610,986)		36,214		(574,772)			
Recognized in other comprehensive income	-		(78,192)		(78,192)			
Balance at December 31, 2019	\$ 2,379,004		105,697		2,484,701			
Balance at January 1, 2018	\$ 3,261,103		171,812		3,432,915			
Effects of retrospective application	-		25,729		25,729			
Recognized in other comprehensive income	(271,113)		(106,686)		(377,799)			
Recognized in profit or loss	-		56,820		56,820			
Balance at December 31, 2018	\$ 2,989,990		147,675		3,137,665			

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

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WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

(q) Capital and Other Equities

As of December 31, 2019 and 2018, the Company's authorized ordinary shares consisted of 4,000,000,000 shares, respectively, with a par value of \$10 per share, of which 2,840,612,000 shares and 2,842,122,000 shares, respectively, were issued and outstanding.

(i) Capital

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company retired the expired treasury shares amounting to \$15,099 consisting of 1,510,000 shares repurchased by the Company in 2016. The dates of capital decrease were August 12, 2019 wherein the relevant registration procedures had been completed. The Company retired the expired treasury shares amounting to \$132,547 and \$36,565, consisting of 13,255,000 shares and 3,656,000 shares of the first and second batch respectively repurchased by the Company in 2015. The dates of capital decrease were July 14, 2018 and November 9, 2018, respectively wherein the relevant registration procedures had been completed.

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

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

(ii) Treasury Shares

1) During 2015 and 2016, the Company repurchased its own common stock as treasury shares, of which the total number was 164,362,000 shares, in order to motivate and improve the operating performance of its employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of December 31, 2019 and 2018, the treasury shares transferred to employees were 145,941,000 shares and 123,089,000 shares, respectively. And 1,510,000 shares, 13,255,000 shares and 3,656,000 shares had been retired in August 2019, July 2018 and November 2018, respectively. Therefore, the shares of treasury shares the Company held as of December 31, 2019 and 2018 were 0 shares and 24,362,000 shares, respectively.

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WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

- 2) Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10 % of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value, and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those that were not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury shares does not carry any shareholder rights until it is transferred.

(iii) Capital surplus

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

	December 31, 2019	December 31, 2018
A premium issuance of common stock in exchange for the net assets of the DMS business of AI	\$ 1,800,000	1,800,000
A premium issuance of common shares for cash	20,223,928	20,235,635
Surplus arising from equity-accounted investees	2,527,070	755,644
Transaction of treasury shares	57,257	4,979
Other	73,617	67,361
	\$ 24,681,872	22,863,619

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

(iv) Unappropriated earnings

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

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WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

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

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

3) Dividends

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

4) Earnings Distribution

The appropriation of 2018 and 2017 earnings that were approved at the shareholders' meeting on June 12, 2019 and June 14, 2018, respectively were as follow:

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

The aforementioned appropriation of 2018 and 2017 earnings are the consistent with the amounts approved at the board of directors meetings. Related information would be available at the Market Observation Post System website.

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

5) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
	The			The		
	Company	Subsidiaries	Associates	Company	Subsidiaries	Associates
Balance at January 1, 2019	\$ (630,505)	(474,760)	(187,327)	(1,602,875)	(1,127,445)	(105,322)
Foreign currency translation differences (net of tax)	(1,434,329)	(174,575)	(50,685)	-	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income.	-	-	-	2,017,727	(8,054)	53,271
Disposal of investments in equity instrument designated at fair value through other comprehensive income.	-	-	-	113,620	75,135	-
Balance at December 31, 2019	<u>\$ (2,064,834)</u>	<u>(649,335)</u>	<u>(238,012)</u>	<u>528,472</u>	<u>(1,060,364)</u>	<u>(52,051)</u>

	Exchange differences on translation of foreign financial statements			Unrealized gains (losses) on available-for- sale financial assets			Unrealized losses (losses) from financial assets measured at fair value through other comprehensive income		
	The			The			The		
	Company	Subsidiaries	Associates	Company	Subsidiaries	Associates	Company	Subsidiaries	Associates
Balance at January 1, 2018	\$ (2,479,762)	(92,079)	(169,124)	(932,201)	(356,969)	19,880	-	-	-
Effects of retrospective application	-	-	-	932,201	356,969	(19,880)	(1,386,178)	(600,235)	(83,477)
Balance at January 1, 2018 after adjustments	\$ (2,479,762)	(92,079)	(169,124)	-	-	-	(1,386,178)	(600,235)	(83,477)
Foreign currency translation differences (net of tax)	1,849,257	(382,681)	(18,203)	-	-	-	-	-	-
Unrealized losses from financial assets measured at fair value through other comprehensive income.	-	-	-	-	-	-	(314,262)	(551,772)	(21,845)
Disposal of investments in equity instrument designated at fair value through other comprehensive income.	-	-	-	-	-	-	97,565	24,562	-
Balance at December 31, 2018	<u>\$ (630,505)</u>	<u>(474,760)</u>	<u>(187,327)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,602,875)</u>	<u>(1,127,445)</u>	<u>(105,322)</u>

(r) Earnings per share (“EPS”)

	2019	2018
Basic earnings per share:		
Net profit belonging to ordinary shareholders	\$ <u>6,800,768</u>	<u>4,908,472</u>
Weighted average ordinary shares outstanding (in thousands)	<u>2,830,397</u>	<u>2,794,207</u>
Basic EPS (in dollars)	\$ <u>2.40</u>	<u>1.76</u>
Diluted EPS:		
Net profit belonging to ordinary shareholders	\$ <u>6,800,768</u>	<u>4,908,472</u>
Weighted average ordinary shares outstanding (in thousands)	2,830,397	2,794,207
Effect of potentially dilutive ordinary shares (in thousands):		
Employees’ compensation	48,405	46,236
Weighted average ordinary shares outstanding plus the effect of potentially dilutive ordinary shares (in thousands)	<u>2,878,802</u>	<u>2,840,443</u>
Diluted EPS (in dollars)	\$ <u>2.36</u>	<u>1.73</u>

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2019</u>	<u>2018</u>
Primary geographical markets		
United states	\$ 206,325,207	252,303,127
China	193,257,300	189,643,473
Europe	149,141,674	121,957,393
Others	<u>187,018,277</u>	<u>186,996,394</u>
	<u>\$ 735,742,458</u>	<u>750,900,387</u>
Major products		
Computer, Communication & Consumer electronics	\$ 589,515,227	672,515,117
Others	<u>146,227,231</u>	<u>78,385,270</u>
	<u>\$ 735,742,458</u>	<u>750,900,387</u>

(ii) Contract balances

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Notes receivables	\$ 41,035	147	66
Trade receivables	69,480,549	71,074,867	49,149,675
Trade receivables - related parties	153,326,860	160,521,861	197,757,475
Less: loss allowance	<u>(658,197)</u>	<u>(582,288)</u>	<u>(768,137)</u>
	<u>\$ 222,190,247</u>	<u>231,014,587</u>	<u>246,139,079</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Current contract liabilities-warranty	<u>\$ 1,565,181</u>	<u>1,219,899</u>	<u>1,749,862</u>
Current refund liability	<u>\$ 6,177,579</u>	<u>4,917,958</u>	<u>3,897,638</u>

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

The amount of revenue recognized for the year ended December 31, 2019 that was included in the contract liability balances at the beginning of the year was \$846,031. The major change in the balance of contract liabilities is the difference between the time frame of the performance obligation to be satisfied and the payment to be received. There were no other significant changes during the year.

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Notes to the Parent Company Only Financial Statements

(t) Non-operating income and expenses

(i) Other income

The details of other income for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 80,735	105,172
Dividend income	474,301	145,125
Rental income	<u>40,999</u>	<u>61,186</u>
Total	<u>\$ 596,035</u>	<u>311,483</u>

(ii) Other gain and loss

The details of other gain and loss for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Foreign exchange gains (losses), net	\$ 274,158	(564,492)
Gains on disposal of investments, net	12,475	5,887
Gains on disposal of property plant and equipment, net	46	439
Gains on financial assets or liabilities by fair value through profit or loss, net	111,966	1,694,510
Other investment loss, net	(13,597)	-
Others	<u>246,267</u>	<u>5,658</u>
Total	<u>\$ 631,315</u>	<u>1,142,002</u>

(iii) Finance costs

	<u>2019</u>	<u>2018</u>
Interest Expense	<u>\$ (2,973,387)</u>	<u>(3,050,803)</u>

(u) Employees' and directors' compensation

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

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

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

The Company's estimates of employees' and director's compensation were as follows:

	<u>2019</u>	<u>2018</u>
Employee's compensation	\$ 1,164,751	700,154
Directors' compensation	<u>76,873</u>	<u>46,210</u>
	<u>\$ 1,241,624</u>	<u>746,364</u>

The amounts are calculated by the net profit before tax excluding employees' and directors' compensation, of each year multiplied by the percentage of employees' and directors' compensation as specified in the Company's Article of Incorporation. The amounts are accounted for under cost of sales and operating expense in each year.

The compensation to employees of 2018 was paid in cash. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2019 and 2018.

The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year.

(v) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Company's majority customers are in high-tech industries. To reduce concentration of credit risk, the Company evaluates its customers' financial positions periodically and requires its customers to provide collateral or promissory notes, if necessary. Besides, the Company periodically evaluates the recoverability of trade receivables and recognized as loss allowances for doubtful accounts. Furthermore, it buys insurance for the trade receivables. As of December 31, 2019 and 2018, 80% and 76%, respectively, of the Company's trade receivables were concentrated on 8 and 7 specific customers, respectively. Therefore, the Company is exposed to credit risk.

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Notes to the Parent Company Only Financial Statements

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 1 year	2-5 years	More than 5 years
As of December 31, 2019					
Non-derivative financial liabilities					
Short-term loans	\$ 21,865,014	21,882,731	21,882,731	-	-
Notes and trade payables (including related parties)	202,250,268	20,250,268	20,250,268	-	-
Other payables (including related parties)	1,928,469	2,197,740	2,197,740	-	-
Lease liabilities	392,800	406,300	159,122	210,727	36,451
Long-term loans (including current parties)	<u>18,159,452</u>	<u>18,849,919</u>	<u>2,422,623</u>	<u>16,427,296</u>	<u>-</u>
Subtotal	<u>244,596,003</u>	<u>63,586,958</u>	<u>46,912,484</u>	<u>16,638,023</u>	<u>36,451</u>
Derivative financial liabilities					
Foreign currency swap contacts:					
Outflow	51,687	15,907,793	15,907,793	-	-
Inflow	-	<u>(15,856,106)</u>	<u>(15,856,106)</u>	-	-
Carrying amount	<u>51,687</u>	<u>51,687</u>	<u>51,687</u>	-	-
Foreign currency forward contracts:					
Outflow	<u>16,356</u>	<u>16,356</u>	<u>16,356</u>	-	-
Subtotal	<u>68,043</u>	<u>68,043</u>	<u>68,043</u>	-	-
Total	<u>\$ 244,664,046</u>	<u>63,655,001</u>	<u>46,980,527</u>	<u>16,638,023</u>	<u>36,451</u>
As of December 31, 2018					
Non-derivative financial liabilities					
Short-term loans	\$ 34,434,687	34,489,347	34,489,347	-	-
Notes and trade payables (including related parties)	208,654,230	208,654,230	208,654,230	-	-
Other payables (including related parties)	7,813,017	7,813,017	7,813,017	-	-
Long-term loans (including current portion)	<u>14,712,146</u>	<u>16,005,323</u>	<u>-</u>	<u>16,005,323</u>	<u>-</u>
Subtotal	<u>265,614,080</u>	<u>266,961,917</u>	<u>250,956,594</u>	<u>16,005,323</u>	<u>-</u>
Derivative financial liabilities					
Foreign currency swap contacts:					
Outflow	63,029	25,626,977	25,626,977	-	-
Inflow	-	<u>(25,563,948)</u>	<u>(25,563,948)</u>	-	-
Carrying amount	<u>63,029</u>	<u>63,029</u>	<u>63,029</u>	-	-
Foreign currency forward contracts:					
Outflow	<u>11,307</u>	<u>11,307</u>	<u>11,307</u>	-	-
Subtotal	<u>74,336</u>	<u>74,336</u>	<u>74,336</u>	-	-
Total	<u>\$ 265,688,416</u>	<u>267,036,253</u>	<u>251,030,930</u>	<u>16,005,323</u>	<u>-</u>

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

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Notes to the Parent Company Only Financial Statements

(iii) Market risk

1) Currency risk

a) Exposure to currency risk

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

	December 31, 2019			December 31, 2018		
	Foreign currency (in thousands)	Exchange rate	TWD	Foreign currency (Note)	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	7,511,123 USD/NTD=	30.106	226,129,878	7,923,643 USD/NTD=	30.733	243,517,324
<u>Non-monetary items</u>						
USD	2,001,799 USD/NTD=	30.106	60,266,161	1,953,864 USD/NTD=	30.733	60,048,096
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	8,569,468 USD/NTD=	30.106	257,992,415	9,194,304 USD/NTD=	30.733	282,568,538

b) Currency risk sensitivity analysis

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

A Strengthening (weakening) 5 % of appreciation (depreciation) of the TWD against the USD as of December 31, 2019 and 2018, would increase (decrease) the net profit after tax by \$1,274,501 and \$1,562,049, respectively. The analysis assumes that all other variables remain constant.

2) Interest analysis

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

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

If the interest rate increase / decrease by 25 basis points, the Company's net profit after tax would decrease/increase by \$29,106 and \$106,830 for the years ended December 31, 2019 and 2018, respectively, with all other variable factors that remain constant. This is mainly due to the Company's borrowings in floating variable rate.

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3) Other market price risk

For the years ended December 31, 2019 and 2018, the sensitivity analyses for the changes in the securities price at the reporting dates were performed using the same basis for the profit and loss as illustrated below:

	2019	2018
<u>Price of securities at reporting date</u>	<u>After-tax other comprehensive income</u>	<u>After-tax other comprehensive income</u>
Increasing 3%	<u>\$ 134,597</u>	<u>70,459</u>
Decreasing 3%	<u>\$ (134,597)</u>	<u>(70,459)</u>

4) Fair value information

a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and, disclosure of fair value information is not required:

	December 31, 2019				Total
	Carrying amount	Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss					
Derivative financial assets	\$ 8,566	-	8,566	-	8,566
Money market fund	50,361	-	50,361	-	50,361
Subtotal	<u>\$ 58,927</u>	<u>-</u>	<u>58,927</u>	<u>-</u>	<u>58,927</u>
Current financial assets at fair value through other comprehensive income					
Convertible Bond	<u>\$ 136,114</u>	<u>-</u>	<u>-</u>	<u>136,114</u>	<u>136,114</u>
Non-current financial assets at fair value through other comprehensive income					
Equity instruments	\$ 4,618,902	3,826,716	-	792,186	4,618,902
Trade receivables	8,620,356	-	-	-	-
Subtotal	<u>\$ 13,239,258</u>	<u>3,826,716</u>	<u>-</u>	<u>792,186</u>	<u>4,618,902</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 3,038,447	-	-	-	-
Notes and trade receivables (including related parties)	213,569,891	-	-	-	-
Other receivables (including related parties)	5,807,021	-	-	-	-
Subtotal	<u>\$ 222,415,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Refundable deposits	<u>\$ 187,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2019				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 68,043	-	68,043	-	68,043
Financial liabilities measured at amortized cost					
Short-term loans	\$ 21,865,014	-	-	-	-
Notes and trade payables (including related parties)	202,250,268	-	-	-	-
Other payables (including related parties)	1,928,469	-	-	-	-
Lease liabilities	392,800	-	-	-	-
Long-term loans (including current portion)	18,159,452	-	-	-	-
Subtotal	<u>\$ 244,596,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2018				
	Carrying amount	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss					
Derivative financial assets	\$ 13,803	-	13,803	-	13,803
Money market fund	50,105	-	50,105	-	50,105
Subtotal	<u>\$ 63,908</u>	<u>-</u>	<u>63,908</u>	<u>-</u>	<u>63,908</u>
Current financial assets at fair value through other comprehensive income					
Convertible Bond	<u>\$ 382,766</u>	<u>-</u>	<u>-</u>	<u>382,766</u>	<u>382,766</u>
Non-current financial assets at fair value through other comprehensive income					
Equity instruments	\$ 2,519,185	1,380,609	-	1,138,576	2,519,185
Trade receivables	4,556,336	-	-	-	-
Subtotal	<u>\$ 7,075,521</u>	<u>1,380,609</u>	<u>-</u>	<u>1,138,576</u>	<u>2,519,185</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 15,244,305	-	-	-	-
Notes and trade receivables (including related parties)	226,458,251	-	-	-	-
Other receivables (including related parties)	12,602,643	-	-	-	-
Subtotal	<u>\$ 254,305,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Refundable deposits	<u>\$ 56,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 74,336</u>	<u>-</u>	<u>74,336</u>	<u>-</u>	<u>74,336</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 34,434,687	-	-	-	-
Notes and trade payables (including related parties)	208,654,230	-	-	-	-
Other payables (including related parties)	7,813,017	-	-	-	-
Long-term loans (including current portion)	14,712,146	-	-	-	-
Subtotal	<u>\$ 265,614,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

- b) Valuation techniques for financial instruments measured at fair value
- i) Non-derivative financial instruments

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

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

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

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

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

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

- ii) Derivative financial instruments

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

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

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

c) Transfer between Level 1 and Level 3:

The Company holds an investment in equity shares of FineMat Applied Materials Co., Ltd., which is classified as fair value through other comprehensive income, with a fair value of \$419,000 and \$125,526 as of December 31, 2019 and 2018, respectively. The fair value of the investment was previously categorized as Level 3 as of December 31, 2018. This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares. In November 2019, FineMat Applied Materials Co., listed its equity shares on an exchange and they are currently actively traded in that market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy as of December 31, 2019.

d) Changes between Level 3

The movement in the reconciliation of Level 3 fair values during the years ended December 31, 2019 and 2018 was as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Total
January 1, 2019	382,766	1,138,576	1,521,342
Total gains and losses recognized in profit or loss	(390,400)	-	(390,400)
in other comprehensive income	-	(245,219)	(245,219)
Purchased	145,662	185,520	331,182
Disposal and return of capital	(1,914)	(78,728)	(80,642)
Effect of tax	-	(74,746)	(74,746)
Transfers out of Level 3	-	(133,217)	(133,217)
December 31, 2019	<u>136,114</u>	<u>792,186</u>	<u>928,300</u>
	Fair value through profit or loss	Fair value through other comprehensive income	
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Total
January 1, 2018	\$ -	-	-
Effects of retrospective application	474,443	897,179	1,371,622
January 1, 2018 after adjustments	474,443	897,179	1,371,622
Total gains and losses recognized in profit or loss	(192,812)	-	(192,812)
in other comprehensive income	-	122,278	122,278
Purchased	101,135	150,152	251,287
Disposal and return of capital	-	(46,591)	(46,591)
Effect of tax	-	15,558	15,558
December 31, 2018	<u>382,766</u>	<u>1,138,576</u>	<u>1,521,342</u>

For the years ended December 31, 2019 and 2018, total gains and losses that were included in "other gains and losses" and "unrealized gains and losses from financial assets measured at fair value through other comprehensive income" were as follows:

(Continued)

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Notes to the Parent Company Only Financial Statements

	2019	2018
Total gains and losses recognized:		
in profit or loss, and presented in “other gains and losses”	\$ (390,400)	(192,812)
in other comprehensive income, and presented in “unrealized gains and losses from financial assets measured at fair value through other comprehensive income”	(245,219)	122,278
	\$ (635,619)	(70,534)

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

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

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

Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – convertible bonds	Black Scholes Option Pricing Model	·EV/Revenue (as of December 31, 2019, were 1.07~1.31) ·Volatility (as of December 31, 2019, was 45.77%)	·The estimated fair value would increase if multiplier was higher ·The estimated fair value would decrease if the volatility was higher
	Binary tree model	·EV/Revenue (as of December 31, 2018 were 1.9~2.72)	·The estimated fair value would increase if the multiplier was higher
Financial assets measured at fair value through other comprehensive income – equity investments without an active market	Comparable listed companies approach – equity method	·Price – book ratio (as of December 31, 2019 were 0.72~3.53 as of December 31, 2018 were 0.76~3.90) ·Market liquidity discount rate (as of December 31, 2019 and 2018 was 20%)	·The estimated fair value would increase if the multiplier was higher ·The estimated fair value would decrease if market liquidity discount rate was higher
	Net asset value method	·Net asset value	Not applicable

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

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

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results.

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income :

	Inputs	Increase or decrease	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2019						
Financial assets measured at fair value through profit or loss	EV/ Revenue	5%	\$ 6,806	(6,806)	-	-
	Volatility	5%	6,806	(6,806)	-	-
Financial assets at fair value through other comprehensive income	Price book ratio	5%	-	-	8,922	(8,922)
	Market liquidity discount rate	5%	-	-	8,922	(8,922)
	Net asset value method	5%	-	-	30,687	(30,687)
December 31, 2018						
Financial assets measured at fair value through profit or loss	EV/ Revenue	5%	19,138	(19,138)	-	-
Financial assets at fair value through other comprehensive income	Price book ratio	5%	-	-	11,073	(11,073)
	Market liquidity discount rate	5%	-	-	11,073	(11,073)
	Net asset value method	5%	-	-	45,856	(45,856)

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

- 5) Offsetting financial assets and financial liabilities

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

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

(Continued)

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Notes to the Parent Company Only Financial Statements

December 31, 2019						
Financial assets that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other non-current assets	USD	630,000	630,000	-	-	-
	CNY	960,000	960,000	-	-	-
December 31, 2019						
Financial liabilities that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term loans	USD	630,000	630,000	-	-	-
	CNY	960,000	960,000	-	-	-
December 31, 2018						
Financial assets that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other non-current assets	USD	790,000	790,000	-	-	-
December 31, 2018						
Financial liabilities that are offset based on an enforceable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term loans	USD	790,000	790,000	-	-	-

(w) Concentration of financial risk

(i) By using financial instruments, the Company is exposed to risks as below:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Detailed information about exposure risk arising from the aforementioned risks was listed below. The Company's objective, policies and processes for managing risks and methods used to measure the risk arising from financial instruments.

(Continued)

WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

(ii) Risk management framework

The Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Company minimizes the risk exposure through derivative financial instruments. The Shareholder's meeting regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments to which the Company is exposed to. The Company's internal auditors continue with the review of the amount of the risk exposure in accordance with the Company's policy and the risk management policies and procedures. Derivative contracts of the company with several financial institutions were intended to manage foreign currency exchange and interest rate fluctuation risks.

The chief of finance management department arranges a meeting to review the strategy and performance, then reports the results to Chief Financial Officer and Chairman periodically.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Company's notes and accounts receivable and investments.

1) Notes and trade receivables

The Company's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Company will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Company continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

2) Investments

The credit risk exposure in the bank deposits, other financial instruments and equity instruments are measured and monitored by the Company's finance department. Since the Company's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, there are no non-compliance issues and therefore no significant credit risk.

(Continued)

WISTRON CORPORATION**Notes to the Parent Company Only Financial Statements**

3) Guarantee

According to the Company's policy, the Company can only provide guarantee to which is listed under the regulation. The Company did not provide guarantees to any non-consolidated subsidiaries as of December 31, 2019 and 2018.

(iv) Liquidity risk

The Company maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Company. As of December 31, 2019 and 2018, the Company has unused credit facilities for short-term and long-term loans of \$79,655,361 and \$74,861,758, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, the New Taiwan dollars. The currencies used in these transactions are denominated in TWD, EUR, USD, JPY and CNY.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Company's future cash flow. The Company entering into forward and swap contracts are intended to manage the exchange rate risk due to the Company's current and future demands for foreign currency. The contract periods are decided in consideration of the Company's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Company will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Company's short-term loans, long-term loans and advances from factoring of trade receivables bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Company's future cash flow. The Company reduces the interest risks by negotiating the loan interest rates frequently with banks.

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WISTRON CORPORATION

Notes to the Parent Company Only Financial Statements

3) Other market price risk

The Company monitors the risk arising from its security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Company monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(x) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures, as well as research and development expenses, to repay debts, and to distribute dividends in accordance to its plan. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio regularly.

The Company controls the capital structure through regularly reviewing liability-equity ratio. The liability-equity ratio of the Company at December 31, 2019 and 2018, were as follow:

	December 31, 2019	December 31, 2018
Total liabilities	\$ 273,101,658	295,405,612
Less: cash and cash equivalents	<u>(3,038,447)</u>	<u>(15,244,305)</u>
Net debt	270,063,211	280,161,307
Total equity	<u>73,950,584</u>	<u>68,945,197</u>
Adjusted equity	\$ 344,013,795	349,106,504
Debt-to-equity ratio at December 31	<u>78.50%</u>	<u>80.25%</u>

(Note): Equity is total equity and net debt.

As of December 31, 2019, the Company's capital management strategy is consistent with the prior years.

(y) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2019 and 2018, were as follows:

	January 1, 2019	Cash flows	Non-cash changes			December 31, 2019
			Effect of changes in foreign exchange rates	Interest expense	Others	
Short-term loans	\$ 34,434,687	(12,187,472)	(382,201)	-	-	21,865,014
Long-term loans	14,712,146	3,748,266	(300,960)	-	-	18,159,452
Lease liabilities	463,845	(187,331)	-	7,033	109,253	392,800
Guarantee deposits	1,005,120	(63,804)	(3,459)	-	-	937,857
Total liabilities from financing activities	\$ 50,615,798	(8,690,341)	(686,620)	7,033	109,253	41,355,123

(Continued)

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Notes to the Parent Company Only Financial Statements

	January 1, 2018	Cash flows	Non-cash changes Effect of changes in foreign exchange rates	December 31, 2018
Short-term loans	49,100,421	(15,831,230)	1,165,496	34,434,687
Long-term loans	8,867,276	5,578,595	266,275	14,712,146
Guarantee deposits	677,566	335,445	(7,891)	1,005,120
Total liabilities from financing activities	<u>\$ 58,645,263</u>	<u>(9,917,190)</u>	<u>1,423,880</u>	<u>50,151,953</u>

(7) Related-party transactions

(a) Names and relationship with related parties

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

Names of the related party	Relationship
Weshtek Information Technology Services Co., Ltd. , Shanghai (WESH)	Subsidiary
SMS (Kunshan) Co., Ltd (WMKS)	Subsidiary
Wistron InfoComm Technology Service (Kunshan) Co., Ltd (WRKS)	Subsidiary
ANWITH (Kunshan) Co., LTD. (WCKS) (Note 1)	Subsidiary
Abilliant Corporation (WAC)	Subsidiary
Wistron Medical Tech (Chongqing) CO.,LTD. (WMCQ)	Subsidiary
LE BEN Investment Ltd (WLB)	Subsidiary
International Standards Labs. (ISL)	Subsidiary
Wise Cap Limited Company (WCL)	Subsidiary
WIEDU CORPORATION (WETW)	Subsidiary
Wistron Medical Tech Holding Company (WMH)	Subsidiary
Wistron Investment (Jiangsu) Co., Ltd. (WJC)	Subsidiary
Wistron Hong Kong Limited (WHK)	Subsidiary
Wistron InfoComm (Shanghai) Corporation (WSH)	Subsidiary
Wistron InfoComm (Zhongshan) Corporation (WZS)	Subsidiary
Wistron InfoComm (Chengdu) Co., Ltd. (WCD)	Subsidiary
Wistron InfoComm (Qingdao) Co.,Ltd (WQD) (Note 2)	Subsidiary
Wistron InfoComm (Kunshan) Co., Ltd. (WAKS)	Subsidiary
Wistron InfoComm (CHONGQING) Co.Ltd. (WCQ)	Subsidiary
Wistron InfoComm (Taizhou) Co., Ltd. (WTZ)	Subsidiary
Wistron Digital Technology Holding Company (WDH)	Subsidiary
Wistron Medical Technology Corporation (WMT)	Subsidiary
Wistron Optronics (Shanghai) Co., Ltd. (WOSH)	Subsidiary
Wistron Optronics (Kunshan) Co. , Ltd. (WOK)	Subsidiary
SMS InfoComm (Singapore) Pte. Ltd. (WSSG)	Subsidiary

(Continued)

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Names of the related party	Relationship
Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. (WEKS)	Subsidiary
Wistron Advanced Materials(Kunshan) Co. Ltd (WGKS)	Subsidiary
Wiwynn Technology Service (Beijing) Limited (WYBJ) (Note 3)	Subsidiary
Wiwynn Technology Service KunShan Ltd. (WYKS)	Subsidiary
Wiwynn Corporation (WYHQ)	Subsidiary
Wistron InfoComm Technology (Zhongshan) Co., Ltd. (WTZS)	Subsidiary
ANWITH TECHNOLOGY CORPORATION (WCHQ)	Subsidiary
WiAdvance Technology Corporation (AGI)	Subsidiary
SMS Infocomm Global Service (CQ) (WSCQ)	Subsidiary
Wistron Service (Kunshan) Corp. (WSKS)	Subsidiary
All Holding Corporation (AIHH)	Subsidiary
Anwith Corporation (ANC)	Subsidiary
ANWITH SERVICE CO., LTD. (WSTH)	Subsidiary
B Temia Asia Pte Ltd. (BTA)	Subsidiary
Cowin Worldwide Corporation (Cowin)	Subsidiary
Creator Technology B.V. (WCT)	Subsidiary
ICT Service Management Solutions (India) Private Limited (WIN)	Subsidiary
Polymer Vision B.V. (WPV)	Subsidiary
Service Management Solutions Colombia S.A.S. (WSCO)	Subsidiary
Service Management Solutions Mexico S.A. de C.V. (WSMX)	Subsidiary
SMS InfoComm (Czech) s.r.o. (WSCZ)	Subsidiary
SMS INFOCOMM (MALAYSIA) SDN. BHD. (WSMY)	Subsidiary
SMS InfoComm Chile Servicios Limitada (WSCL)	Subsidiary
SMS InfoComm Corporation (WTX)	Subsidiary
SMS InfoComm Technology Services and Management Solutions Ltd. (WBR)	Subsidiary
SMS InfoComm Technology Services Limited Company (WTR)	Subsidiary
WiEDU Holding Co., Ltd. (WEDH)	Subsidiary
WiEdu Hong Kong Limited (WEHK)	Subsidiary
WIEDU SDN. BHD. (WEMY)	Subsidiary
Win Smart Co., Ltd. (Win Smart)	Subsidiary
WinDisplay Corporation (WDC)	Subsidiary
WiseCap (Hong Kong) Limited (WCHK)	Subsidiary
Wistron Advanced Materials (Hong Kong) Limited (WGHK)	Subsidiary
Wistron Europe Holding Cooperatie U.A. (WEH)	Subsidiary
Wistron GreenTech (Texas) Corporation (WGTX)	Subsidiary
Wistron Hong Kong Holding Limited (WHHK)	Subsidiary
Wistron InfoComm (Czech), s.r.o. (WCCZ)	Subsidiary

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Notes to the Parent Company Only Financial Statements

Names of the related party	Relationship
Wistron InfoComm (Philippines) Corporation (WSPH)	Subsidiary
Wistron InfoComm Manufacturing (India) Private Limited (WMI)	Subsidiary
Wistron InfoComm Technology (America) Corporation (WITX)	Subsidiary
Wistron InfoComm Technology (Texas) Corporation (WITT)	Subsidiary
Wistron Investment (Sichuan) Co., Ltd. (WSC)	Subsidiary
Wistron K.K. (WJP)	Subsidiary
Wistron LLC (WLLC)	Subsidiary
Wistron Mexico, S.A. de C.V. (WMX)	Subsidiary
Wistron Mobile Solutions Corporation (WCH)	Subsidiary
Wistron Technology (Malaysia) Sdn. Bhd. (WMMY)	Subsidiary
Wistron Technology Service (America) Corporation (WTS)	Subsidiary
WisVision Corporation (WVS)	Subsidiary
Wiwynn International Corporation (WYUDE)	Subsidiary
Wiwynn Korea Ltd. (WYKR)	Subsidiary
Wiwynn Mexico, S.A. de C.V. (WYMX)	Associate
Wiwynn Technology Service Hong Kong Limited (WYHK)	Subsidiary
Wiwynn Technology Service Japan, Inc. (WYJP)	Subsidiary
WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD. (WYMY)	Subsidiary
T-CONN PRECISION CORPORATION (TPE)	Associate
Join-Link International Technology Co. Ltd. (JLH)	Associate
ICA Inc. (CQIC)	Associate
Maya International Company, Ltd. (MAYA)	Associate
Wistron NeWeb Corporation (WNC)	Associate
Fullerton Ltd. (FLT)	Associate
WIBASE INDUSTRIAL SOLUTIONS INC. (WIS)	Associate
Wistron Information Technology and Services Corporation (WITS)	Associate
HIGH-TEK HARNESS ENTERPRISE CO.,LTD (HTK)	Associate
Formosa Prosonic Industries Berhad (FPI)	Associate
Optiemus Electronics Limited (OPEL)	Associate
Super Elite Ltd.(SEL)	Associate
Wistron Humanities Foundation.	Other related party

(Note 1): WCKS was liquidated in third quarter of 2018.

(Note 2): WQD was liquidated in first quarter of 2018.

(Note 3): WYBJ was liquidated in second quarter of 2018.

(Note 4): SEL was liquidated in second quarter of 2019.

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(b) Related party transactions

(i) Sales

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

	Sales	
	2019	2018
Subsidiaries		
AIIH	\$ 160,886,654	148,483,913
WYHQ	34,814,022	53,815,919
WITX	29,019,380	27,537,504
Others	18,504,700	14,225,441
Associates	<u>1,094,180</u>	<u>39,082</u>
	<u>\$ 244,318,936</u>	<u>244,101,859</u>
	Receivable from related party	
	December 31,	December 31,
	2019	2018
Subsidiaries		
AIIH	\$ 38,407,278	33,866,802
WEKS	27,168,121	22,581,598
WCQ	21,900,443	25,598,962
WOK	18,456,806	25,894,700
WITX	11,672,419	17,907,519
Others	35,279,695	34,654,411
Associates	<u>442,098</u>	<u>17,869</u>
	<u>\$ 153,326,860</u>	<u>160,521,861</u>

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

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(ii) Purchases

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

	Purchases	
	2019	2018
Subsidiaries		
Cowin	\$ 144,469,947	165,163,007
WEKS	142,342,997	134,634,141
WCD	125,171,940	110,331,940
WCQ	102,400,707	125,473,272
WAKS	74,690,303	74,457,156
WOK	72,364,702	55,383,848
Others	27,528,821	12,879,834
Associates	<u>1,494,441</u>	<u>40,330</u>
	<u>\$ 690,463,858</u>	<u>678,363,528</u>
	Payables to related party	
	December 31, 2019	December 31, 2018
Subsidiaries		
Cowin	\$ 34,685,406	39,522,610
WEKS	27,171,146	22,610,465
WCQ	23,033,265	32,185,622
WCD	19,651,554	18,012,938
WAKS	16,182,067	19,063,283
WOK	14,878,762	19,588,264
Others	11,704,503	2,756,811
Associates	<u>208,546</u>	<u>17,879</u>
	<u>\$ 147,515,249</u>	<u>153,757,872</u>

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

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(iii) Rental income and its outstanding balances were as follow:

	Rental income	
	2019	2018
Subsidiaries		
ISL	\$ 8,558	29,061
WMT	1,200	1,208
Others	53	47
Associates	343	343
	\$ 10,154	30,659
	Other receivable resulted from rental	
	December 31,	December 31,
	2019	2018
Subsidiaries		
ISL	\$ 1,989	12,436
Others	115	107
	\$ 2,104	12,543

(iv) Property transactions and operating expenses and their outstanding balances as follows:

	Property transaction and contribution	
	2019	2018
Subsidiaries		
ISL	\$ 12,637	-
WTX	8,449	-
WSPH	4,883	-
WIN	1,554	157,690
Others	340	-
	\$ 27,863	157,690

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

	Other payables	
	2019	2018
Subsidiaries		
WAKS	\$ 35,324	176
AGI	5,176	206,250
WYHQ	-	2,936
Others	3,233	1,420
Associates		
Others	-	54
	<u>\$ 43,733</u>	<u>210,836</u>
Contribution		
Other related party	<u>\$ 19,225</u>	<u>8,671</u>
	Other receivable	
	December 31, 2019	December 31, 2018
Receivable from sale of assets		
Subsidiaries		
WSPH	\$ 4,740	-
WIN	1,531	-
Others	315	-
	<u>\$ 6,586</u>	<u>-</u>
	Other payables	
	December 31, 2019	December 31, 2018
Payable to purchase of assets		
Subsidiaries		
WITT	\$ 888	-
WCHQ	142	-
AGI	-	2,600
	<u>\$ 1,030</u>	<u>2,600</u>

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(v) Lease

	Amount	
	2019	2018
Property transactions		
Subsidiaries		
WETW	\$ -	870

(vi) Financing to related parties

The loans to related parties were as follows:

	Maximum balance date	2019				
		Maximum balance	Ending balance	Interest rate	Interest income	Interest receivable
WMI	2019.8	\$ <u>1,413,450</u>	<u>752,650</u>	3.0%	<u>6,063</u>	<u>-</u>
2018						
	Maximum balance date	Maximum balance	Ending balance	Interest rate	Interest income	Interest receivable
WSPH	2016.9	\$ <u>537,793</u>	<u>-</u>	1.50%	<u>5,581</u>	<u>-</u>

The outstanding balance from aforementioned transactions were accounted for under “Other receivables-related parties”.

(vii) Advances to related parties

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

	Other receivable to related parties	
	December 31, 2019	December 31, 2018
Subsidiaries		
WITX	\$ 344,988	105,958
WIN	155,326	425
WZS	49,215	48,576
WMI	5,521	-
WMT	157	91,970
Others	41,429	149,216
Associates	<u>3,762</u>	<u>2,126</u>
	<u>\$ 600,398</u>	<u>398,271</u>

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(viii) Advances from related parties

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

	Other payable to related parties	
	December 31, 2019	December 31, 2018
Subsidiaries:		
AIIH	\$ 390,757	233,607
COWIN	124,757	217,192
WTZS	120,375	138,594
WITX	-	6,245,555
Others	205,282	196,933
Associates	<u>13,555</u>	<u>11,267</u>
	<u>\$ 854,726</u>	<u>7,043,148</u>

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

	December 31, 2019	December 31, 2018
Other receivable-related parties:		
Rental receivable	\$ 2,104	12,543
Receivable from sale of assets	6,586	-
Financing and interest receivable	752,650	-
Other receivables	<u>600,398</u>	<u>398,271</u>
	<u>\$ 1,361,738</u>	<u>410,814</u>

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

	December 31, 2019	December 31, 2018
Other payables-related parties:		
Payable to purchase of assets	\$ 1,030	2,600
Other payables	<u>854,726</u>	<u>7,043,148</u>
	<u>\$ 855,756</u>	<u>7,045,748</u>

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(c) Transactions with key management personnel

Key management personnel compensation:

	<u>2019</u>	<u>2018</u>
Short-term employee benefits	\$ 76,796	60,230
Post-employment benefits	1,888	1,223
	<u>\$ 78,684</u>	<u>61,453</u>

(8) Pledged assets:

The carrying values of pledged assets are as follow:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other non-current assets - restricted deposits	Stand by L/C	<u>\$ 1,912</u>	<u>9,567</u>

(9) Commitments and contingencies:

- (a) In March 2017, Hitachi Maxell LTD (Japan) initiated an arbitration in New York City in accordance with the UNCITRAL Arbitration Rules for breach of the digital televisions related Patent License Agreement between the parties. The Company has been working closely with its U.S. attorneys to defend the case, while the Tribunal has not made the decision yet. Thus, the Company cannot predict the final result of this arbitration.
- (b) In June of 2016, Alacritech filed an action against the Company in the United States District Court for the Eastern District of Texas. The accused products are servers and network interface devices. The litigation has been stayed pending the decision of the US Patent Trial and Appeal Board on IPR proceedings to review certain Alacritech's patent claims.

(10) Losses due to major disasters: None.

(11) Subsequent events:

- (a) The appropriation of earnings for 2019 that was approved at the board of directors meeting on March 24, 2020, were as follows:

Common stock dividends	<u>2019</u>
Cash dividends	<u>\$ 5,681,224</u>

The appropriations of earnings for 2019 are to be presented for approval in the shareholders' meeting to be held in June 2020.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

- (b) The outbreak of Coronavirus pandemic (COVID-19) since early 2020, has brought the uncertainty to Company's operating environment in China, and has impacted the Company's operations and financial performance accordingly. Responding to this challenge, the Company has taken the contingency measures, including scaling up the production and building up inventories in other manufacturing sites. Due to uncertain evolving of COVID-19, the Company cannot reasonably measure the impact on its business and financial position now, but would continue to closely monitor the developments of the epidemic.

(12) Other:

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

	2019			2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	1,198,597	8,823,985	10,022,582	862,028	7,437,809	8,299,837
Labor and health insurance	87,206	586,841	674,047	65,427	545,689	611,116
Pension	46,976	352,487	399,463	40,121	334,688	374,809
Remuneration of directors	-	77,484	77,484	-	47,050	47,050
Others	47,872	211,486	259,358	34,125	214,099	248,224
Depreciation (Note)	90,793	388,553	479,346	19,458	369,194	388,652
Amortization	-	259,422	259,422	-	272,300	272,300

(Note) : The depreciation of the investment property in 2019 and 2018 both amounted to \$3,745, which was recognized under other gains and losses.

As of December 31, 2019 and 2018, the additional information for employee numbers and employee benefits were as follows:

	2019	2018
Employees	<u><u>7,451</u></u>	<u><u>6,807</u></u>
Directors not in concurrent employment	<u><u>7</u></u>	<u><u>7</u></u>
Average personnel expenses	<u><u>\$ 1,525</u></u>	<u><u>1,402</u></u>
Average salaries	<u><u>\$ 1,346</u></u>	<u><u>1,221</u></u>
Adjustment of average employee salaries	<u><u>10.24 %</u></u>	

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2019:

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

(b) Information on investees:

The followings are the information on investees for the year ended December 31, 2019: Please see Table 6 attached

(c) Information on investment in Mainland China : Please see Table 7 attached

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2019.

Wistron Corporation
Statement of Cash and Cash Equivalents

December 31, 2019

(Expressed in thousands of New Taiwan Dollars / Foreign Currencies)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ 17,733
	NTD	17,732
	USD	0.033
Demand and check deposits		2,265,307
	AUD	20
	EUR	2,984
	GBP	37
	HKD	2,859
	JPY	198
	NTD	1,271,770
	PLN	77
	RMB	478
	SGD	861
	USD	28,475
	CZK	575
Time deposits		755,407
	NTD	200,000
	RMB	123,705
	SGD	1,000
Total		<u>\$ 3,038,447</u>

Note 1: The ending rates of foreign currency deposits on December 31, 2019 are as follows:

USD/NTD=30.106
AUD/NTD=21.098
EUR/NTD=33.707
GBP/NTD=39.538
HKD/NTD=3.866
JPY/NTD=0.277
PLN/NTD=7.927
RMB/NTD=4.309
SGD/NTD=22.364
CZK/NTD=1.327

Note 2: The periods of time deposits ranged from 1 to 33 days, and the annual rate ranges between 0.47% and 2.9%.

Wistron Corporation**Statement of Financial Assets Measured at Fair Value through Profit or Loss****- Current - Non-Derivative Financial Instruments****December 31, 2019****(Expressed in thousands of New Taiwan Dollars)**

Name of financial instrument	Description	Shares or units (in thousands)	Acquisition cost	Fair Value	
				Unit price (in dollars)	Total amount
Beneficiary Certificate					
Taipei Fubon Chi-Hsiang Money Market Fund	Open-end fund	3,199	\$ 49,956	15.74	<u>50,361</u>

Wistron Corporation
Statement of Financial Assets Measured at Fair Value through Profit or Loss
- Current - Non-Derivative financial Instruments (1)

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

Description	Name of financial instrument	Notional amounts (in thousands)	Fair value (in thousands of NTD)
Citi Bank	Sell foreign currency forward contract	USD 5,000	\$ 973
Standard Chartered Bank	Sell foreign currency forward contract	USD 5,000	869
	Sell foreign currency forward contract	USD 3,000	518
HSBC Bank	Sell foreign currency forward contract	USD 3,000	443
	Sell foreign currency forward contract	USD 3,000	552
ANZ Institutional Bank	Sell foreign currency forward contract	USD 3,000	463
DBS Bank	Buy foreign currency forward contract	USD 3,000	41
Deutsche Bank	Buy foreign currency forward contract	USD 3,000	18
	Buy foreign currency forward contract	USD 3,000	19
	Buy foreign currency forward contract	USD 4,000	25
	Buy foreign currency forward contract	USD 3,000	270
	Buy foreign currency forward contract	USD 3,000	270
	Buy foreign currency forward contract	USD 3,000	270
	Buy foreign currency forward contract	USD 3,000	270
	Buy foreign currency forward contract	USD 1,000	90
	Buy foreign currency forward contract	USD 3,000	270
	J.P. Morgan Private Bank	Buy foreign currency forward contract	USD 13,000
Buy foreign currency forward contract		USD 13,000	391
Buy foreign currency forward contract		USD 5,000	70
Buy foreign currency forward contract		USD 3,000	87
Buy foreign currency forward contract		USD 3,000	69
Buy foreign currency forward contract		USD 3,000	157
Buy foreign currency forward contract		USD 3,000	14
MUFG Bank	Buy foreign currency swap contract	USD 40,000	<u>1,973</u>
Financial assets measured at fair value through profit or loss – current			<u>8,566</u>

Wistron Corporation

Statement of Financial Assets Measured at Fair Value through Profit or Loss

- Current - Non-Derivative Financial Instruments (2)

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

Description	Name of financial instrument		Notional amounts (in thousands)	Fair value (in thousands of NTD)
DBS Bank	Buy foreign currency forward contract	USD	3,000	(49)
United Overseas Bank	Buy foreign currency forward contract	USD	2,000	(125)
	Buy foreign currency forward contract	USD	2,000	(227)
Oversea-Chinese Banking Corporation	Buy foreign currency forward contract	USD	3,000	(201)
	Buy foreign currency forward contract	USD	3,000	(3)
	Buy foreign currency forward contract	USD	3,000	(26)
	Buy foreign currency forward contract	USD	3,000	(183)
	Buy foreign currency forward contract	USD	5,000	(355)
	Buy foreign currency forward contract	USD	3,000	(18)
Deutsche Bank	Buy foreign currency forward contract	USD	10,000	(589)
	Buy foreign currency forward contract	USD	16,000	(880)
	Buy foreign currency forward contract	USD	3,000	(407)
	Buy foreign currency forward contract	USD	3,000	(422)
	Buy foreign currency forward contract	USD	3,000	(407)
	Buy foreign currency forward contract	USD	3,000	(416)
	Buy foreign currency forward contract	USD	1,000	(137)
	Buy foreign currency forward contract	USD	3,000	(440)
	Buy foreign currency forward contract	USD	2,000	(52)
	Buy foreign currency forward contract	USD	3,000	(48)
J.P. Morgan Private Bank	Buy foreign currency forward contract	USD	15,000	(1,762)
	Buy foreign currency forward contract	USD	3,000	(264)
	Buy foreign currency forward contract	USD	4,000	(340)
	Buy foreign currency forward contract	USD	9,000	(338)
	Buy foreign currency forward contract	USD	6,000	(243)
	Buy foreign currency forward contract	USD	12,000	(652)
	Buy foreign currency forward contract	USD	15,000	(783)
	Buy foreign currency forward contract	USD	5,000	(202)
	Buy foreign currency forward contract	USD	5,000	(176)
	Buy foreign currency forward contract	USD	5,000	(241)
	Buy foreign currency forward contract	USD	5,000	(237)
	Buy foreign currency forward contract	USD	5,000	(222)
	Buy foreign currency forward contract	USD	5,000	(161)
	Buy foreign currency forward contract	USD	3,000	(177)
	Buy foreign currency forward contract	USD	3,000	(177)
	Buy foreign currency forward contract	USD	5,000	(275)
	Buy foreign currency forward contract	USD	3,000	(165)
	Buy foreign currency forward contract	USD	5,000	(250)
	Buy foreign currency forward contract	USD	3,000	(138)
	Buy foreign currency forward contract	USD	3,000	(150)
	Buy foreign currency forward contract	USD	2,000	(110)
	Buy foreign currency forward contract	USD	3,000	(307)
	Buy foreign currency forward contract	USD	3,000	(337)

Wistron Corporation
Statement of Financial Assets Measured at Fair Value through Profit or Loss
- Current - Non-Derivative Financial Instruments (3)

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

Description	Name of financial instrument	Notional amounts		Fair value
		(in thousands)		(in thousands of NTD)
J.P. morgan Private Bank	Buy foreign currency forward contract	USD	5,000	(487)
	Buy foreign currency forward contract	USD	3,000	(155)
	Buy foreign currency forward contract	USD	5,000	(495)
	Buy foreign currency forward contract	USD	5,000	(585)
	Buy foreign currency forward contract	USD	3,000	(276)
	Buy foreign currency forward contract	USD	3,000	(276)
	Buy foreign currency forward contract	USD	5,000	(324)
	Buy foreign currency forward contract	USD	5,000	(274)
	Buy foreign currency forward contract	USD	5,000	(184)
	Buy foreign currency forward contract	USD	5,000	(144)
	Buy foreign currency forward contract	USD	5,000	(108)
	Buy foreign currency forward contract	USD	5,000	(283)
	Buy foreign currency forward contract	USD	2,000	(73)
CTBC Bank	Buy foreign currency swap contract	USD	20,000	(952)
E.SUN Bank	Buy foreign currency swap contract	USD	40,000	(1,718)
CIB Bank	Buy foreign currency swap contract	USD	25,000	(908)
Citi Bank	Buy foreign currency swap contract	USD	30,000	(2,159)
	Buy foreign currency swap contract	USD	40,000	(2,879)
Cathay United Bank	Buy foreign currency swap contract	USD	50,000	(3,227)
KGI Bank	Buy foreign currency swap contract	USD	30,000	(1,461)
Standard Chartered Bank	Buy foreign currency swap contract	USD	40,000	(3,791)
HSBC Bank	Buy foreign currency swap contract	USD	30,000	(1,808)
Chang Hwa Commercial Bank	Buy foreign currency swap contract	USD	20,000	(3,500)
Land Bank of Taiwan	Buy foreign currency swap contract	USD	40,000	(8,465)
Bank of Taiwan	Buy foreign currency swap contract	USD	20,000	(4,126)
Far Eastern International Bank	Buy foreign currency swap contract	USD	20,000	(1,100)
	Buy foreign currency swap contract	USD	45,000	(2,169)
J.P. Margan Private Bank	Sell foreign currency swap contract	EUR	6,000	(1,254)
ANZ Institutional Bank	Buy foreign currency swap contract	USD	30,000	(6,024)
	Buy foreign currency swap contract	USD	40,000	(6,146)
Financial liabilities measured at fair value through profit or loss – current				(68,043)
Total				<u>\$ (59,477)</u>

Wistron Corporation
Statement of Notes and Trade Receivables
December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Client I	\$ 19,758,795
Client H	7,670,951
Client K	6,147,219
Client L	5,618,065
Client B	4,755,590
Client N	4,287,857
Client J	3,521,656
Client V	3,521,324
Others (less than 5%)	14,240,127
Less: loss allowance	<u>(658,197)</u>
	<u>\$ 68,863,387</u>

Wistron Corporation
Statement of Inventories
December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Item	Amount	Net realizable value
Raw materials	\$ 3,551,993	3,575,138
Work in progress	206,413	215,619
Finished goods	7,302,652	7,689,261
Inventory in transit	<u>5,581,810</u>	<u>5,613,932</u>
Subtotal	16,642,868	<u>17,093,950</u>
Less: provision of valuation of inventories losses	<u>(146,670)</u>	
Total	<u>\$ 16,496,198</u>	

Wistron Corporation

Statement of Movement of Financial Assets Measured at Fair Value through Profit or Loss — Non-Current

January 1 to December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

Name	Beginning Balance		Increase		Decrease		Ending Balance		Collateral	
	Share or units	Fair Value	Share or units	Fair Value	Share or units	Amount	Losses on Valuation	Shares or units		Fair Value
Lilee Systems, Ltd.	-	153,995	-	76,926	-	-	(94,807)	-	136,114	None
Audio Design Expert, Inc.	-	85,189	-	-	-	(1,914)	(83,275)	-	-	None
Smartply, Inc.	-	143,582	-	61,743	-	-	(205,325)	-	-	None
Airdog, Inc.	-	-	-	6,993	-	-	(6,993)	-	-	None
Total		<u>\$ 382,766</u>		<u>145,662</u>		<u>(1,914)</u>	<u>(390,400)</u>		<u>136,114</u>	

Wistron Corporation
Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income - Current
January 1 to December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Name	Beginning Balance		Increase		Decrease		Gains (Losses) on Valuation	Deferred tax assets (liabilities)	Ending Balance		Collateral
	Shares or units	Amount	Shares or units	Amount	Shares or units	Amount			Shares or units	Amount	
Alpha Networks Inc.	19,448	\$ 321,861	-	-	-	-	136,135	-	19,448	457,996	None
Gamania Digital Entertainment Co., Ltd.	1,126	84,483	-	-	-	-	(16,784)	-	1,126	67,699	None
Super Dragon Technology Co., Ltd.	5,676	68,680	-	-	-	-	38,596	-	5,676	107,276	None
Global Lighting Technologies Inc.	20,914	656,713	-	-	-	-	1,873,933	-	20,914	2,530,646	None
ARBOR Technology Corp.	4,457	89,137	89	-	-	-	15,194	-	4,546	104,331	None
AOpen Inc.	8,497	159,735	-	-	-	-	(19,967)	-	8,497	139,768	None
FineMat Applied Materials Co., Ltd.	4,589	125,526	-	-	-	-	293,474	-	4,589	419,000	None
Clientron Corp.	917	15,462	-	-	-	-	4,569	-	917	20,031	None
Plexbio Corporation, LTD	1,227	6,656	-	-	-	-	6,909	-	1,227	13,565	None
Howe advanced Ltd.	4,000	-	-	-	-	-	-	-	4,000	-	None
Applied BioCode, Inc.	2,791	9,816	-	-	(641)	(6,718)	22,321	-	2,150	25,419	None
LJee Systems, Ltd.	2,143	-	-	-	-	-	-	-	2,143	-	None
Zeo, Inc.	779	-	-	-	-	-	-	-	779	-	None
Phostek, Inc.	1,875	230	-	-	-	-	(184)	(46)	1,875	-	None
DDD Group PLC	9,920	-	-	-	-	-	-	-	9,920	-	None
Janus Technologies, Inc.	864	-	-	-	-	-	-	-	864	-	None
Vmedia Research	2,000	-	-	-	-	-	-	-	2,000	-	None
Tube Inc.	17,009	63,766	-	-	-	-	(5,131)	(1,282)	17,009	57,353	None
Audio Design Experts, Inc.	546	-	-	-	-	-	-	-	546	-	None
Tactus Technology, Inc.	7	-	-	-	-	-	-	-	7	-	None
Airdog, Inc.	3,536	-	-	-	-	-	-	-	3,536	-	None
Videri Inc.	226	-	-	-	-	-	-	-	226	-	None
Scenera, Inc.	645	-	-	-	-	-	-	-	645	-	None
Jafco AT Fund IV L.P.	-	7,005	-	-	-	(7,055)	-	-	-	-	None
IP Cathy II, L.P.	-	6,225	-	-	-	-	-	-	-	-	None
IP Fund Six Co., Ltd.	6,000	59,928	-	-	-	-	46,166	11,542	226	57,708	None
Corsa Fund 2012, L.P.	-	12,400	-	549	-	-	3,496	874	645	4,370	None
JAFCO Asia Technology Fund VI L.P.	-	656,225	-	15,659	-	-	40	10	-	-	None
Kibou Fund L.P.	-	61,895	-	-	-	-	(2,349)	(586)	-	-	None
Fenox Venture Company XIV, L.P.	-	3,791	-	-	-	-	(7,766)	(734)	-	-	None
Vertex V (C.I) Fund L.P.	-	31,383	-	22,336	-	-	(2,933)	(79,854)	-	-	None
China Renewable Energy Fund LP	-	78,268	-	114,033	-	-	(10,087)	(2,522)	-	-	None
JAFCO Taiwan I Venture Capital L.P.	-	-	-	20,000	-	-	(14,129)	(3,532)	-	-	None
Total	-	\$ 2,519,185	-	185,520	-	(58,037)	2,046,980	(74,746)	-	4,618,902	None

Wistron Corporation
Statement of Movement of Investments Accounted for Using the Equity Method
January 1 to December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Effect of Retrospective Application		Increase		Decrease		Investment income (loss)	Shares (in thousands)	Ending Balance Percentage of ownership	Amount	Unit price	Total Market Value or Net Assets Value	Collateral	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount								
WMX	293,454	\$ 2,384,389	-	(47,589)	-	(40,477)	-	293,454	(40,477)	293,454	100.00 %	2,296,323	8	2,296,323	None	
WTX	4,833	1,504,164	-	(34,497)	-	156,882	-	4,833	156,882	4,833	100.00 %	1,612,540	334	1,612,540	None	
AIH	347,486	5,046,507	-	3,155	-	(151,966)	-	347,486	756,058	347,486	100.00 %	4,897,696	15	5,041,069	None	
Covin	188,394	13,848,053	-	461	-	(300,259)	-	188,394	756,058	188,394	100.00 %	14,304,313	75	14,205,793	None	
Win Smart	484,065	31,910,286	-	524	-	(711,897)	-	484,065	1,048,503	484,065	100.00 %	32,247,416	67	32,247,416	None	
WCL	-	1,760,779	-	(153)	-	(259,276)	-	-	521,240	-	100.00 %	2,084,703	-	2,084,703	None	
ISL	2,094	56,134	(2)	7,813	-	-	-	2,094	7,813	2,094	100.00 %	64,706	27	64,706	None	
WSPH	139,567	244,870	-	(11,098)	-	(91,460)	-	139,567	(91,460)	139,567	100.00 %	142,312	1	142,312	None	
WLLC	5,436	2,200,862	76	(47,607)	-	103,607	-	5,436	103,607	5,436	100.00 %	2,256,938	415	2,256,938	None	
WVS	12,005	482,093	-	(19,343)	-	77,709	-	12,005	77,709	12,005	100.00 %	540,459	45	540,459	None	
WEH	-	449,040	-	(42,717)	-	(13,377)	-	-	41,277	-	99.99 %	434,223	-	434,223	None	
WBR	37,243	330,243	-	(12,700)	-	(24,195)	-	37,243	120,810	37,243	99.99 %	425,588	11	425,588	None	
WTR	22	82,197	(122)	(12,021)	-	15,376	-	22	(12,021)	22	99.90 %	85,430	3883	85,430	None	
WGTX	13	91,169	-	-	-	(2,652)	-	13	(2,652)	13	100.00 %	118,846	91.42	118,846	None	
WGKH	33,500	273,954	-	(64)	-	(211,659)	-	33,500	(211,659)	33,500	100.00 %	62,231	2	62,231	None	
WMY	80,000	376,431	-	(76,269)	-	(5,690)	-	80,000	(76,269)	80,000	100.00 %	294,472	4	294,472	None	
WSMX	36,429	(72,025)	-	(1,853)	-	(1,764)	-	36,429	27,107	36,429	100.00 %	(48,535)	(1)	(48,535)	None	
WSCO	559	70,792	(130)	(44,663)	-	6,057	-	559	6,057	559	100.00 %	32,056	57	32,056	None	
WYHQ	20	566,194	-	(8,495)	-	(11,188)	-	20	(7,284)	20	100.00 %	539,227	26,961	539,227	None	
WCH	77,814	5,515,990	(1,128)	(1,128)	-	(1,309,822)	-	78,418	2,859,635	78,418	44.90 %	9,079,078	116	9,079,078	None	
WEDH	5,700	2,732	-	(12)	-	(276)	-	5,700	(276)	5,700	100.00 %	2,444	-	2,444	None	
WCHK	58,446	162,613	-	(3,405)	-	3,350	-	58,446	3,350	58,446	100.00 %	197,153	3	197,153	None	
WCHQ	1,000	(2,424)	-	(4,887)	-	10,258	-	1,000	10,258	1,000	100.00 %	7,873	8	7,873	None	
WCCZ	-	2,485,415	-	(74)	-	(58,874)	-	-	316,694	-	100.00 %	2,738,348	-	2,738,348	None	
WEHK	11,426	(111,044)	-	(791)	-	(30,648)	-	11,426	(30,648)	11,426	100.00 %	(142,557)	(12)	(142,557)	None	
AGI	19,999	184,532	-	(23,908)	-	(48,539)	-	19,999	(48,539)	19,999	99.99 %	136,630	7	136,630	None	
WSSG	112,489	2,876,359	-	(43)	-	(54,442)	-	112,489	(54,442)	112,489	100.00 %	2,746,018	24	2,746,018	None	
WDH	63,431	727,136	-	4,442	-	(20,300)	-	67,873	109,404	67,873	100.00 %	819,225	12	819,225	None	
WMH	200,000	1,232,939	-	(43)	-	(20,993)	-	200,000	(169,409)	200,000	100.00 %	1,089,296	5	1,089,296	None	
WSTH	3,799	8,660	-	-	-	(181)	-	3,799	(181)	3,799	100.00 %	9,034	2	9,034	None	
ANC	75	26,518	-	(489)	-	(1,973)	-	75	(1,973)	75	100.00 %	24,056	321	24,056	None	
WSSQ	-	149,564	-	52	-	(4,026)	-	-	37,346	-	100.00 %	182,936	-	182,936	None	
WSCL	-	(18,077)	-	(18,077)	-	(14,080)	-	-	(14,080)	-	100.00 %	(29,994)	-	(29,994)	None	
WTS	35	11,914	-	86	-	(271)	-	35	(271)	35	100.00 %	12,728	364	12,728	None	
WNC	89,675	3,771,052	-	-	-	(443,340)	-	89,675	338,817	89,675	22.97 %	3,720,953	41	3,714,061	None	
SEL	1,537	13,899	-	(13,893)	-	(6)	-	-	(6)	-	23.90 %	13,65 %	15	53,392	None	
TPE	3,009	40,813	-	467	-	(1,455)	-	3,476	10,804	3,476	40.00 %	53,392	15	53,392	None	
ISGTG	5	-	-	-	-	-	-	5	-	5	40.00 %	-	-	-	None	
ISGTC	5	-	-	-	-	-	-	5	-	5	40.00 %	-	-	-	None	
HCL	-	74,521	-	(401)	-	271	-	-	271	-	30.00 %	74,391	-	74,391	None	
FPI	69,260	465,872	-	(54,359)	-	81,574	-	69,260	81,574	69,260	28.00 %	493,087	9	620,497	None	
Smartiply, Inc.	2,724	18,355	-	(766)	-	(1,231)	-	2,724	(766)	2,724	23.97 %	-	(5)	(12,298)	None	
OPEL	2,760	-	-	(1,231)	-	(1,231)	-	2,760	(1,231)	2,760	19.91 %	-	(1)	(2,393)	None	
WIS	17,888	224,409	-	-	-	14,054	-	17,888	14,054	17,888	46.10 %	238,626	13	224,445	None	
JLH	57,889	41,250	-	1,281	-	(19,829)	-	20,261	(37,406)	20,261	41.03 %	4,653	-	4,653	None	
The effect of adjustments on intercompany lease transactions	-	(557,179)	-	(488,515)	-	1,137	-	-	(488,515)	-	-	-	-	-	-	None
Deferred Credits	-	-	-	(54,672)	-	2,224,151	-	-	(4,177,003)	-	-	82,823,692	-	-	-	None
Total	-	\$ 78,951,951	-	(54,672)	-	2,224,151	-	-	(4,177,003)	-	-	82,823,692	-	-	-	None

Wistron Corporation
Statement of Short-Term Loans
December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Bank</u>	<u>Period</u>	<u>Interest Rate</u>	<u>Financing Amount</u>	<u>Collateral</u>	<u>Amount</u>
Credit loan	MUFG Bank	2019/10/18~2020/1/20	0.69%~2.47%	\$ 3,010,600	None	\$ 1,154,049
Credit loan	United Overseas Bank	2019/11/7~2020/1/10	2.34%~2.40%	3,010,600	None	3,003,205
Credit loan	Entie Bank	2019/8/26~2020/1/21	2.36 %	1,000,000	None	903,163
Credit loan	Taichung Bank	2019/12/24~2020/1/30	2.48 %	1,200,000	None	1,174,134
Credit loan	First Bank	2019/11/25~2020/2/25	2.51 %	5,000,000	None	1,113,922
Credit loan	Mega Bank	2019/12/24~2020/2/24	2.45 %	4,756,748	None	427,505
Credit loan	Hua Nan Bank	2019/12/17~2020/1/9	2.22 %	3,700,000	None	2,649,328
Credit loan	Citi Bank	2019/12/16~2020/1/6	2.15 %	3,010,600	None	1,369,810
Credit loan	Taishin International Bank	2019/12/27~2020/1/3	2.40 %	6,500,000	None	3,160,571
Credit loan	DBS Bank(Taiwan)	2019/12/16~2020/1/13	2.45 %	2,107,420	None	1,053,710
Credit loan	Sumitomo Mitsui Banking Corporation	2019/12/23~2020/1/6	2.29 %	1,806,360	None	1,806,360
Credit loan	Taipei Fuban Bank	2019/9/6~2020/2/4	2.38 %	1,655,830	None	858,021
Credit loan	China Construction Bank	2019/10/22~2020/1/3	2.25 %	3,010,600	None	3,010,600
Credit loan	E.SUN Bank	2019/11/13~2020/1/22	2.47 %	2,000,000	None	180,636
Total						<u>\$ 21,865,014</u>

Wistron Corporation
Statement of Notes and Trade Payables
December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Vendor H	\$ 12,108,194
Vendor A	11,266,565
Vendor D	7,087,558
Vendor I	3,978,049
Vendor K	3,762,949
Vendor F	3,687,999
Vendor J	3,523,538
Vendor G	3,358,116
Others (less than 5%)	<u>5,962,051</u>
Total	<u><u>\$ 54,735,019</u></u>

Statement of Other Current Liabilities

<u>Item</u>	<u>Amount</u>
Royalty payable	\$ 1,067,051
Accrued salaries and bonuses (including employees' and directors' compensation)	3,420,973
Supplier inventory reserve	1,942,160
Unearned revenue	7,312,141
Others (less than 5%)	<u>3,606,740</u>
Total	<u><u>\$ 17,349,065</u></u>

Wistron Corporation
Statement of Long-Term Loans
December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

Bank	Period	Interest Rate	Financing	Amount	
				Current Amount Expired within one year	Non-current Amount Expired after one year
Mega Bank and other 22 financial institutions – A	2018/05/23~2021/05/23	2.92%~3.00%	\$ 24,084,800	-	14,450,880
KGI Bank	2019/3/7~2022/3/7	2.48%	1,400,000	-	1,324,664
BNP Bank	2018/4/9~2020/4/9	2.31%	2,408,480	2,407,177	-
Less : Arrangement fees			-	-	(23,269)
				\$ 2,407,177	15,752,275

Wistron Corporation
Statement of Lease Liabilities
December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Leasing term</u>	<u>Discount Rate(%)</u>	<u>Ending Balance</u>
Land	For factory and office use	19 years	1.75%	\$ 65,569
Buildings and construction	For office use	1 ~10 years	1.58%~1.81%	276,322
Office Equipment	For operating use	1~5 years	1.65%~1.75%	22,568
Transportation Equipmrent	For operating use	1~5 years	1.58%~1.75%	25,897
Others Equipent	For operating use	1~5 years	1.58%~1.75%	<u>2,444</u>
Subtotal				392,800
Less : Current Portion				<u>(153,748)</u>
Lease Liabilities – Non-Current				<u><u>\$ 239,052</u></u>

Statement of Other Non-Current Liabilities

<u>Item</u>	<u>Amount</u>
Net Defined Benefit Liabilities	\$ 995,942
Guarantee Deposits	<u>937,857</u>
Total	<u><u>\$ 1,933,799</u></u>

Wistron Corporation
Statement of Cost of Sales
January 1 to December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Raw materials	
Beginning balance of raw materials	\$ 1,515,874
Add: Purchases	715,329,895
Less: Ending balance of raw materials	(3,589,429)
Transferred	<u>(37,454)</u>
Raw materials used	713,218,886
Direct labor	423,381
Manufacturing overhead	<u>1,512,763</u>
Total manufacturing cost	715,155,030
Add: Beginning balance of work-in-process inventory	186,817
Less: Ending balance of work-in-process inventory	(216,975)
Transferred	<u>(18,544)</u>
Coast of finished goods	715,106,328
Add: Beginning balance of finished goods	10,738,439
Less: Ending balance of finished goods	(12,836,465)
Transferred	<u>(164,384)</u>
Subtotal	712,843,918
Add: Software royalty fees	1,867,372
Loss on valuation of inventories	210,821
Loss from supplier inventory reserve	502,953
Less: Income from sale of scraps	<u>(29,217)</u>
Total cost of sales	<u><u>\$ 715,395,847</u></u>

Wistron Corporation
Statement of Operating Expenses
For the year ended December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling Expenses</u>	<u>Administrative Expenses</u>	<u>Research and Development Expenses</u>
Salary and related expenses	\$ 964,871	1,036,751	8,050,661
Repairs and Maintenance expenses	1,953	185,639	104,133
Freight	767,964	678	16,463
Professional service fees	87,781	383,204	124,412
Import and export expenses	207,889	-	5
Amortization	5,537	173,341	80,544
Welfare funds	375,618	-	-
Miscellaneous purchase	19,326	23,022	1,340,720
Expected credit loss	261,673	-	12,924
Others (less than 5%)	324,064	342,200	2,576,571
Total	\$ 3,016,676	2,144,835	12,306,433

Others

<u>Item</u>	<u>Description</u>
Statements of trade receivables-related parties and other receivables-related parties	Disclosure in Note 7
Statement of other current assets	Disclosure in Note 6(k)
Statement of movement of property, plant and equipment	Disclosure in Note 6(h)
Statement of movement of accumulated depreciation of property, plant and equipment	Disclosure in Note 6(h)
Statement of right-of-use assets	Disclosure in Note 6(i)
Statement of movement of intangible assets	Disclosure in Note 6(j)
Statement of other non-current assets	Disclosure in Note 6(k)
Statement of movement of investment property	Disclosure in Note 6(k)
Statement of movement of accumulated depreciation of investment property	Disclosure in Note 6(k)
Statement of deferred tax assets and liabilities	Disclosure in Note 6(p)
Statements of trade payables-related parties and other payables-related parties	Disclosure in Note 7
Statement of the revenue	Disclosure in Note 6(s)
Statement of the other income	Disclosure in Note 6(t)
Statement of the other gain and losses	Disclosure in Note 6(t)
Statement of the financial costs	Disclosure in Note 6(t)

WISTRON CORPORATION
Notes to the Parent-Company-Only Financial Statements

Table 1 Financing to other parties
(December 31, 2019)

No.	Financing Company	Counter - party	Financial Statement Account	Related party	Maximum Balance for the Period	Ending balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction amounts	Reasons for short - term financing	Allowance for bad debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Notes
													Item	Value			
0	The Company	WMI	Other receivables	Yes	1,413,450	1,354,770	752,650	2.50%-5.00%	2	-	Operating Capital	-	-	-	7,395,058	36,975,292	(Note 1, Note3 & Note4)

(TWD : expressed in thousands)

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

(Note 2) Financing purposes :

1 for entities the Company has business transactions with

2 for entities with short - term financing needs

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

Individual funding loan limit vary according to the following circumstances:

(1) For entities in which the Company, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 10% of net worth of the Company.

(2) For entities in which the Company, directly or indirectly, owned below 50% of their shares, the amount available for financing shall not exceed 40% and 5% of net worth of the borrower and the Company, respectively.

(3) For other borrowers, the amount available for financing shall not exceed 25% of net worth of the borrower and 5% of net worth of the Company.

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

WISTRON CORPORATION

Notes to the Parent-Company-Only Financial Statements

Table 2 Guarantees and endorsements for other parties
(December 31, 2019)

(TWD : expressed in thousands)

No.	Endorser/ Guarantee Provider	Counter - party of guarantee and endorsement		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2&4)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 1&3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary Company	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship with the company (Note 10)										
0	The Company	WJP	2	22,185,175	1,180,000	774,200	-	-	1.05%	73,950,584	Y	N	N
0	The Company	Cowin (Note 5)	2	22,185,175	23,709	22,580	22,580	-	0.03%	73,950,584	Y	N	N
0	The Company	WZS shared with WAKS and WEKS (Note 5)	2	22,185,175	71,127	67,739	67,739	-	0.09%	73,950,584	Y	N	Y
0	The Company	WCCZ	2	22,185,175	510,844	488,037	488,037	-	0.66%	73,950,584	Y	N	N
0	The Company	WOK	2	22,185,175	316,120	-	-	-	-	-	Y	N	Y
0	The Company	WKS	2	22,185,175	885,136	842,968	301,060	-	0.41%	73,950,584	Y	N	Y
0	The Company	WBR	2	22,185,175	2,244,452	1,670,883	842,968	-	1.14%	73,950,584	Y	N	N
0	The Company	WIN	2	22,185,175	6,743,744	6,743,744	6,292,154	-	9.12%	73,950,584	Y	N	N
0	The Company	WSSG	2	22,185,175	2,054,780	1,204,240	1,204,240	-	1.63%	73,950,584	Y	N	N
0	The Company	WTX	2	22,185,175	648,046	617,173	617,173	-	0.83%	73,950,584	Y	N	N
0	The Company	WGTX	2	22,185,175	2,738,288	2,365,960	2,215,430	-	3.20%	73,950,584	Y	N	Y
0	The Company	WTZ	2	22,185,175	474,180	451,590	451,590	-	0.61%	73,950,584	Y	N	N
0	The Company	WSMX	2	22,185,175	474,180	301,060	-	-	0.41%	73,950,584	Y	N	Y
0	The Company	WGKS	2	22,185,175	8,345,376	8,250,062	5,750,246	-	11.16%	73,950,584	Y	N	N
0	The Company	WCCZ shared with WSCZ (Note 6)	2	22,185,175	126,448	-	-	-	-	-	Y	N	N
0	The Company	WSCO	2	22,185,175	632,240	602,120	602,120	-	0.81%	73,950,584	Y	N	Y
0	The Company	WMKS	2	22,185,175	632,240	602,120	602,120	-	0.81%	73,950,584	Y	N	Y
0	The Company	WMS shared with WTZ and WGKS (Note 7)	2	22,185,175	31,612	30,106	30,106	-	0.04%	73,950,584	Y	N	Y
0	The Company	WTR	2	22,185,175	1,106,420	1,053,710	1,053,710	-	1.42%	73,950,584	Y	N	Y
0	The Company	WOK shared with WTZ and WSKS	2	22,185,175	316,120	301,060	301,060	-	0.41%	73,950,584	Y	N	Y
0	The Company	WTZ shared with WGKS and WSKS	2	22,185,175	158,060	-	-	-	-	-	Y	N	Y
0	The Company	WMMY shared with WEMY and WSMY	2	22,185,175	39,515	37,632	37,632	-	0.05%	73,950,584	Y	N	N
0	The Company	WCH	2	22,185,175	202,000	202,000	202,000	-	0.27%	73,950,584	Y	N	N
0	The Company	AGI	2	22,185,175	189,672	180,636	180,636	-	0.24%	73,950,584	Y	N	N
0	The Company	WSQL	2	22,185,175	1,959,944	1,866,572	963,392	-	2.52%	73,950,584	Y	N	Y
0	The Company	WSCQ	2	22,185,175	158,060	150,530	150,530	-	0.20%	73,950,584	Y	N	N
0	The Company	ANC	2	22,185,175	60,000	60,000	60,000	-	0.08%	73,950,584	Y	N	N
0	The Company	WCHO	2	22,185,175	430,775	230,106	-	-	0.31%	73,950,584	Y	N	N
0	The Company	WMH	2	22,185,175	474,180	451,590	451,590	-	0.61%	73,950,584	Y	N	Y
0	The Company	WSCQ shared with WMCQ	2	22,185,175	632,240	602,120	602,120	-	0.81%	73,950,584	Y	N	Y
0	The Company	WMI shared with WIN	2	22,185,175	2,634,333	2,508,833	2,508,833	-	3.39%	73,950,584	Y	N	N
0	The Company	Cowin shared with WSPH, WCCZ, WMX and WTX (Note 8)	2	22,185,175	2,107,467	2,007,067	2,007,067	-	2.71%	73,950,584	Y	N	Y
0	The Company	WAKS shared with WEKS, WCD and WCO (Note 8)	2	22,185,175	400,000	400,000	200,000	-	0.54%	73,950,584	Y	N	N
0	The Company	WLB	2	22,185,175	1,200,000	1,200,000	600,000	-	1.62%	73,950,584	Y	N	N
0	The Company	WCL	2	22,185,175	305,130	301,060	301,060	-	0.41%	73,950,584	Y	N	N
0	The Company	WMX	2	22,185,175	659,610	632,226	331,166	-	0.85%	73,950,584	Y	N	N
0	The Company	WMI	2	22,185,175	1,830,780	301,060	301,060	-	0.41%	73,950,584	Y	N	N
0	The Company	WMMY shared with WSMY	2	22,185,175	2,408,480	2,408,480	-	-	3.26%	73,950,584	Y	N	N
0	The Company	WMMY	2	22,185,175	305,130	301,060	301,060	-	0.41%	73,950,584	Y	N	N
0	The Company	WITT	2	22,185,175	200,000	200,000	-	-	0.27%	73,950,584	Y	N	N
0	The Company	WETW	2	22,185,175	200,000	200,000	-	-	0.27%	73,950,584	Y	N	N

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Notes to the Parent-Company-Only Financial Statements

Table 2 Guarantees and endorsements for other parties
(December 31, 2019)

(TWD : expressed in thousands)

No.	Endorser/ Guarantee Provider	Counter - party of guarantee and endorsement		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2&4)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 1&3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship with the company (Note 10)										
0	The Company	Cowin shared with WSPH, WCCZ, WMX and WITX (Note 9)	2	22,185,175	1,956,890	1,956,890	-	-	2.65%	73,950,584	Y	N	N
0	The Company	WAKS shared with WEKS, WZS, WCD, WCQ (Note 9)	2	22,185,175	1,956,890	1,956,890	-	-	2.65%	73,950,584	Y	N	Y

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed the Company's net worth, which was audited by Certified Public Accountant.
 (Note 2) The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's net worth, which was audited by Certified Public Accountant.
 (Note 3) The amount for guarantees and endorsements provided by the Company and its subsidiaries to other entities shall not exceed the Company's net worth, which was audited by Certified Public Accountant.
 (Note 4) The amount for guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 30% of the Company's net worth, which was audited by Certified Public Accountant.
 (Note 5) The credit line shared by Cowin, WZS, WAKS and WEKS amounted to USD 3,000,000.
 (Note 6) The credit lines shared by WCCZ and WSCZ amounted to USD 222,000,000, while the maximum credit line for WSCZ was USD 600,000.
 (Note 7) The credit line shared by WMKS, WTZ and WGKS amounted to USD 20,000,000, while the maximum credit line for each entity was USD 10,000,000.
 (Note 8) The credit line shared by Cowin, WSPH, WCCZ, WMX, WITX, WAKS, WEKS, WCD and WCQ amounted to USD 150,000,000.
 (Note 9) The credit line shared by Cowin, WSPH, WCCZ, WMX, WITX, WAKS, WEKS, WZS, WCD and WCQ amounted to USD 130,000,000.
 (Note 10) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer

WISTRON CORPORATION

Notes to the Parent-Company-Only Financial Statements

Table 3 Market Securities Held (excluding investment in subsidiaries, associates and joint ventures)
(December 31, 2019)

(TWD : expressed in thousands)

Held Company Name	Marketable Securities Type and Name		Relationship with the company	Financial Statement Account	Number of shares	December 31, 2019		Highest percentage of shares during the period	Notes
						Book value	Percentage of Ownership		
The company	Fubon Chi - Hsiang Fund	Fund	-	Current financial assets at fair value through profit or loss	3,199	50,361	-	50,361	-
The company	Alpha Networks Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	19,448	457,996	3.88%	457,996	3.88%
The company	Gamania Digital Entertainment Co., Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	1,126	67,699	0.64%	67,699	0.64%
The company	Super Dragon Technology Co., Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	5,676	107,276	5.80%	107,276	5.50%
The company	Global Lighting Technologies Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	20,914	2,530,646	15.97%	2,530,646	15.97%
The company	ARBOR Technology Corp.	Stock	-	Non-current financial assets at fair value through other comprehensive income	4,546	104,331	7.08%	104,331	7.08%
The company	AOpen Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	8,497	139,768	11.89%	139,768	11.89%
The company	FineMat Applied Materials Co., Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	4,589	419,000	6.91%	419,000	7.61%
The company	Cleantec Corp.	Stock	-	Non-current financial assets at fair value through other comprehensive income	917	20,031	1.44%	20,031	1.44%
The company	Plexib Corporation, LTD	Stock	-	Non-current financial assets at fair value through other comprehensive income	1,227	13,565	1.19%	13,565	1.76%
The company	Howe advanced Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	4,000	-	13.91%	-	13.91%
The company	ABC-KY	Stock	-	Non-current financial assets at fair value through other comprehensive income	2,143	25,419	2.97%	25,419	4.50%
The company	Lilee Systems, Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	2,143	-	22.27%	-	22.27%
The company	Zeo Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	779	-	6.57%	-	6.57%
The company	DDD Group PLC	Stock	-	Non-current financial assets at fair value through other comprehensive income	9,920	-	4.93%	-	4.93%
The company	Janus Technologies, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	864	-	4.01%	-	4.02%
The company	Vmedit Research	Stock	-	Non-current financial assets at fair value through other comprehensive income	2,000	-	7.69%	-	7.69%
The company	Tube Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	17,009	57,353	22.08%	57,353	22.08%
The company	Audio Design Experts, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	546	-	18.69%	-	18.69%
The company	Tractus Technology, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	7	-	0.05%	-	0.09%
The company	Airdog, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	3,536	-	16.26%	-	17.39%
The company	Videri Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	226	57,708	3.32%	57,708	3.58%
The company	Seenera, Inc.	Stock	-	Non-current financial assets at fair value through other comprehensive income	645	4,370	12.89%	4,370	14.93%
The company	IP Cathay II, L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	3,290	6.45%	3,290	6.45%
The company	IP Fund Six Co, Ltd.	Stock	-	Non-current financial assets at fair value through other comprehensive income	6,000	52,162	10.71%	52,162	10.71%
The company	Corsa Fund 2012.L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	9,282	20.00%	9,282	20.00%
The company	Jalco AT Fund VI L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	233,685	6.67%	233,685	6.67%
The company	Kibou Fund L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	44,047	12.78%	44,047	12.78%
The company	Fenox Venture Company XIV,L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	4,125	99.00%	4,125	99.00%
The company	Vertex V (C1) Fund,L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	73,155	3.11%	73,155	3.50%
The company	China Renewable Energy Fund, LP	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	174,640	9.01%	174,640	9.02%
The company	JAFCO Taiwan I Venture Capital L.P.	Fund	-	Non-current financial assets at fair value through other comprehensive income	-	19,354	5.74%	19,354	5.74%
The company	Lilee Systems Ltd.	Bond	-	Non-current financial assets at fair value through profit or loss	-	136,114	-	136,114	-

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Notes to the Parent-Company-Only Financial Statements

Table 4 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid - in capital (December 31, 2019)

(TWD : expressed in thousands)

Company Name	Related Party	Relationship	Transaction details				Abnormal Transaction			Account/note receivable (payable)	
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total accounts / Note receivable (payable)	
The company	AIH	Parent - subsidiary company	Sales	160,886,654	21.87%	OA90	-	-	-	38,407,278	17.29%
The company	WYHQ	Parent - subsidiary company	Sales	34,814,022	4.73%	OA45	-	-	-	7,094,440	3.19%
The company	WITX	Parent - subsidiary company	Sales	29,019,380	3.94%	OA150	-	-	-	11,672,419	5.25%
The company	WIN	Parent - subsidiary company	Sales	7,418,251	1.01%	OA120	-	-	-	3,729,443	1.68%
The company	WTX	Parent - subsidiary company	Sales	2,838,338	0.39%	OA90	-	-	-	996,498	0.45%
The company	WCCZ	Parent - subsidiary company	Sales	2,762,521	0.38%	OA120	-	-	-	3,872,325	1.74%
The company	WSCZ	Parent - subsidiary company	Sales	1,735,560	0.24%	OA90	-	-	-	465,280	0.21%
The company	WJP	Parent - subsidiary company	Sales	903,016	0.12%	OA90	-	-	-	409,228	0.18%
The company	WSSG	Parent - subsidiary company	Sales	899,491	0.12%	OA90	-	-	-	277,584	0.12%
The company	WMKS	Parent - subsidiary company	Sales	816,680	0.11%	OA90	-	-	-	238,958	0.11%
The company	FPI	Associates	Sales	754,662	0.10%	OA120	-	-	-	240,567	0.11%
The company	WOSH	Parent - subsidiary company	Sales	452,551	0.06%	OA90	-	-	-	-	-
The company	WIS	Associates	Sales	321,250	0.04%	OA60	-	-	-	200,749	0.09%
The company	WSMX	Parent - subsidiary company	Sales	142,051	0.02%	OA60	-	-	-	28,511	0.01%
The company	COWIN	Parent - subsidiary company	Purchases	144,469,947	20.37%	OA90	-	-	-	(34,685,406)	17.15%
The company	WEKS	Parent - subsidiary company	Purchases	142,342,997	20.07%	OA90	-	-	-	(27,171,146)	13.43%
The company	WCD	Parent - subsidiary company	Purchases	125,171,940	17.65%	OA30	-	-	-	(19,651,554)	9.72%
The company	WCQ	Parent - subsidiary company	Purchases	102,400,707	14.44%	OA90	-	-	-	(23,033,264)	11.39%
The company	WAKS	Parent - subsidiary company	Purchases	74,690,303	10.53%	OA90	-	-	-	(16,182,067)	8.00%
The company	WOK	Parent - subsidiary company	Purchases	72,364,702	10.21%	OA90	-	-	-	(14,878,762)	7.36%
The company	WSCQ	Parent - subsidiary company	Purchases	71,401,144	1.01%	OA60	-	-	-	(908,172)	0.45%
The company	WCCZ	Parent - subsidiary company	Purchases	6,419,905	0.91%	OA90	-	-	-	(6,515,231)	3.22%
The company	WIN	Parent - subsidiary company	Purchases	5,591,402	0.79%	OA60	-	-	-	(726,310)	0.36%
The company	WSKS	Parent - subsidiary company	Purchases	3,276,779	0.46%	OA60	-	-	-	(846,495)	0.42%
The company	WYHQ	Parent - subsidiary company	Purchases	2,159,406	0.30%	OA90	-	-	-	(2,272,006)	1.12%
The company	WSPH	Parent - subsidiary company	Purchases	1,494,336	0.21%	OA30	-	-	-	(313,717)	0.16%
The company	FPI	Associates	Purchases	1,460,873	0.21%	OA50	-	-	-	(199,964)	0.10%
The company	WTZ	Parent - subsidiary company	Purchases	922,406	0.13%	OA60	-	-	-	(40,335)	0.02%
The company	WITX	Parent - subsidiary company	Purchases	179,138	0.03%	OA90	-	-	-	-	-

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Notes to the Parent-Company-Only Financial Statements

Table 5 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid - in capital (December 31, 2019)

(TWD : expressed in thousands)

Company Name	Related Party	Relationship	Balance of receivables from related party	Turnover rate	Past - due receivables from related party		Amounts Received in Subsequent Period	Allowances for bad debt	Notes
					Amount	Action taken			
The company	AIIH	Parent - subsidiary company	38,407,278	445.21%	59,396	Collecting	26,279,527	-	-
The company	WEKS	Parent - subsidiary company	27,168,121	-	-	-	9,935,039	-	-
The company	WCQ	Parent - subsidiary company	21,900,443	0.12%	8,596	Collecting	6,021,509	-	-
The company	WOK	Parent - subsidiary company	18,456,806	-	-	-	7,526,458	-	-
The company	WITX	Parent - subsidiary company	11,672,419	196.21%	4,441,119	Collecting	5,721,237	-	-
The company	WYHQ	Parent - subsidiary company	7,094,440	841.08%	567,527	Collecting	6,790,936	-	-
The company	COWIN	Parent - subsidiary company	6,558,313	0.39%	-	-	1,329,321	-	-
The company	WCD	Parent - subsidiary company	5,399,421	-	2,468,380	Collecting	2,477,379	-	-
The company	WAKS	Parent - subsidiary company	5,234,854	0.22%	375	Collecting	1,806,379	-	-
The company	WCCZ	Parent - subsidiary company	3,872,325	76.40%	3,703,009	Collecting	1,749,744	-	-
The company	WIN	Parent - subsidiary company	3,729,443	229.74%	1,685,589	Collecting	503,274	-	-
The company	WTX	Parent - subsidiary company	996,498	226.75%	391,486	Collecting	242,605	-	-
The company	WTZ	Parent - subsidiary company	777,883	0.26%	164,662	Collecting	47,454	-	-
The company	WSCZ	Parent - subsidiary company	465,280	487.52%	-	-	163,301	-	-
The company	WJP	Parent - subsidiary company	409,228	270.03%	165,519	Collecting	39,014	-	-
The company	WSSG	Parent - subsidiary company	277,584	342.39%	-	-	23,306	-	-
The company	FPI	Associates	240,567	623.70%	-	-	104,705	-	-
The company	WMKS	Parent - subsidiary company	238,958	348.58%	-	-	92,961	-	-
The company	WIS	Associates	200,749	306.73%	63,663	Collecting	93,926	-	-
Other receivable									
The company	WMI	Parent - subsidiary company	758,171	-	-	-	-	-	-
The company	WITX	Parent - subsidiary company	344,988	-	-	-	-	-	-
The company	WIN	Parent - subsidiary company	156,857	-	-	-	-	-	-

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Notes to the Parent-Company-Only Financial Statements

Table 6 Information on investees (excluding investees in Mainland china)
 (For the year ended December 31, 2019, the following is the information on investees)

(TWD : expressed in thousands)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Shares	Ending balance		Percentage of Ownership	Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance		Ratio of shares	Book value				
The company	WMX	Mexico	assembly and installation of LCD TV	2,265,012	2,265,012	293,454	100.00%	100.00%	(40,477)	(40,477)	-	
The company	WTX	U.S.A.	Customer service and sale	386,196	386,196	4,833	100.00%	100.00%	156,882	156,882	-	
The company	AiIH	B.V.I.	Investment and holding, sale of information and communication equipment and components	6,041,478	6,041,478	347,486	100.00%	100.00%	-	-	-	
The company	COWIN	B.V.I.	Investment and holding, sale of information and communication equipment and components	6,030,379	6,030,379	188,394	100.00%	100.00%	756,058	756,058	-	
The company	Win Smart	B.V.I.	Investment and holding	14,894,651	14,894,651	484,065	100.00%	100.00%	1,048,503	1,048,503	-	
The company	WCL	Taiwan	Investment consultant and business management consultant	1,197,000	1,197,000	-	100.00%	100.00%	521,240	521,240	-	
The company	ISL	Taiwan	Safety and EMI test	14,603	14,603	2,434	100.00%	100.00%	7,813	7,813	-	
The company	WSPH	Philippines	Customer service and sale	2,853,068	2,853,068	139,567	100.00%	100.00%	(91,460)	(91,460)	-	
The company	WLLC	U.S.A.	Investment and holding	1,682,824	1,682,824	5,436	100.00%	100.00%	103,607	103,607	-	
The company	WVS	B.V.I.	Investment and holding	398,221	398,221	12,005	100.00%	100.00%	77,709	77,709	-	
The company	WEH	Netherlands	Investment and holding	1,421,024	1,421,024	-	99.99%	99.99%	41,277	41,277	-	
The company	WBR	Brazil	Customer service	623,794	623,794	37,243	99.99%	99.99%	120,810	120,810	-	
The company	WTR	Turkey	Customer service	46,650	46,650	22	99.90%	99.90%	15,376	15,376	-	
The company	WGTX	U.S.A.	Recycling service of information technology products	859,795	859,795	13	100.00%	100.00%	30,329	30,329	-	
The company	WGHK	Hong Kong	Investment and holding	1,003,476	1,003,476	33,500	100.00%	100.00%	(211,659)	(211,659)	-	
The company	WMMY	Malaysia	assembly and installation of LCD TV	775,360	775,360	80,000	100.00%	100.00%	(76,269)	(76,269)	-	
The company	WSMX	Mexico	Customer service	89,134	89,134	36,429	100.00%	100.00%	27,107	27,107	-	
The company	WSCO	Colombia	Customer service	91,561	91,561	559	100.00%	100.00%	6,057	6,057	-	
The company	WCH	U.S.A.	R&D	589,520	589,520	20	100.00%	100.00%	(7,284)	(7,284)	-	
The company	WYHQ	Taiwan	Research, development, sale, and service of information products	1,783,104	1,563,161	78,418	44.90%	51.18%	6,169,254	2,859,635	-	
The company	WEDH	Seychelles	Investment and holding	170,148	170,148	5,700	100.00%	100.00%	(276)	(276)	-	
The company	WCHK	Hong Kong	Investment and holding	225,694	225,494	58,446	100.00%	100.00%	3,350	3,350	-	
The company	WCHO	Taiwan	Sale and maintenance of computer products and electronic information products	10,000	10,000	1,000	100.00%	100.00%	10,258	10,258	-	
The company	WCCZ	Czech Rep.	Production, installation and repairing of electronic appliances	789,793	789,793	-	100.00%	100.00%	316,694	316,694	-	
The company	WEHK	Hong Kong	Investment and holding, development of Internet platform, provide, sale, and consultation of the application service	247,954	247,954	11,426	100.00%	100.00%	(30,648)	(30,648)	-	
The company	AGI	Taiwan	Storage equipment, digital monitoring system, sales of digital multimedia, and related consultancy service	465,948	465,948	19,999	99.99%	99.99%	(48,539)	(48,539)	-	
The company	WSSG	Singapore	Customer service	3,476,456	3,476,456	112,489	100.00%	100.00%	(51,991)	(51,991)	-	
The company	WDH	Taiwan	Investment and holding	600,000	600,000	67,873	100.00%	100.00%	109,404	109,404	-	
The company	WMH	Taiwan	Investment and holding	2,000,000	2,000,000	200,000	100.00%	100.00%	(169,409)	(169,409)	-	
The company	WSTH	Thailand	Maintenance of computer products	8,652	8,652	3,799	100.00%	100.00%	(181)	(181)	-	
The company	ANC	U.S.A.	Sales and maintenance of mobile phone	22,808	22,808	75	100.00%	100.00%	(1,973)	(1,973)	-	
The company	WSCl	Chile	Maintenance of computer products	31,710	31,710	-	100.00%	100.00%	(14,080)	(14,080)	-	
The company	WTS	U.S.A.	Development of new business and customer service	10,348	10,348	35	100.00%	100.00%	999	999	-	
The company	JLH	Taiwan	Sale of audio system of vehicle and components	578,889	578,889	20,261	41.03%	41.03%	(91,168)	(37,400)	-	
The company	WNC	Taiwan	Manufacturing and sale of wireless receiver products	585,487	585,487	89,675	22.97%	23.99%	1,461,173	338,817	-	
The company	TPE	Taiwan	Wholesale and retail of electronic material	26,728	26,728	3,476	13.65%	16.63%	65,018	10,804	-	
The company	ISGTG	Seychelles	Research and design and sale of information technology products	160,025	160,025	5	40.00%	-	-	-	-	
The company	ISGTC	Hong Kong	Research and design, and sale of information technology products	160,000	160,000	5	40.00%	40.00%	-	-	-	
The company	HCL	B.V.I.	Investment and holding	96,045	96,045	-	30.00%	30.00%	904	271	-	
The company	Formosa Prosonic Industries Berhad Smartply Inc.	Malaysia	Manufacturing of audio and hooter	513,565	513,565	69,260	28.00%	28.00%	244,418	81,574	-	
The company	Optimus Electronics Limited	U.S.A.	Manufacturing of internet optimization	62,710	62,710	2,724	23.97%	23.97%	(138,490)	(17,589)	-	
The company	Optimus Electronics Limited	India	Manufacturing of smart phone and tablet	13,596	13,596	2,760	19.91%	19.91%	2,697	1,231	-	
The company	WIS	Taiwan	Wholesale and retail of information software, manufacturing of computer products and components	214,656	214,656	17,888	46.10%	46.10%	30,485	14,054	-	

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Table 7 Information on investment in Mainland China
1. Information on investment in Mainland China:

(TWD : expressed in thousands)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of investment	Accumulated Outflow of Investment from January 1, 2019	Investment Flows		Percentage of Ownership	Direct / Indirect Controlling (%) by the Company	Shares of Profits/Losses	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Foreign Exchange as of December 31, 2019	Note
					Outflow	Inflow						
Wistron InfoComm (Zhongshan) Corporation	Assembly and sales of computer, server, and LCD TV	7,394,608 (Note 1)	(Note25)2	7,394,179 (Note1)	-	100.00%	100.00%	1,105,885 (Note26)2	18,205,564	-	-	
Wistron InfoComm (Shanghai) Corporation	Research, development, design, testing and sales of computer, software	31,691	(Note25)2	31,691	-	100.00%	100.00%	1,618 (Note26)2	51,693	-	-	
Wistron InfoComm (Kunshan) Co., Ltd.	Assembly and sales of LCD Monitor	67,510	(Note25)2	67,510	-	100.00%	100.00%	76,357 (Note26)2	44,313	-	-	
Wistron InfoComm (Kunshan) Co., Ltd.	Assembly and sales of Notebook computer	1,085,212 (Note2)	(Note25)2	1,085,212 (Note2)	-	100.00%	100.00%	190,231 (Note26)2	9,749,937	-	-	
Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.	Sales of mobile phone	3,995,250 (Note20)	(Note25)2	3,995,250 (Note20)	3,055,830	100.00%	100.00%	296,654 (Note26)2	12,053,080	-	-	
Wistron Service (Kunshan) Corp.	Maintenance of computer products	12,287	(Note25)2	12,287	-	100.00%	100.00%	52,431 (Note26)2	664,176	-	-	
SMS (Kunshan) Co., Ltd.	Maintenance of computer products	806,230	(Note25)2	806,230	-	100.00%	100.00%	73,277 (Note26)2	1,647,938	-	-	
Wistron InfoComm (Tibzhu) Co., Ltd.	Assembly and sales of LCD Monitor and Touch display module	4,929,489	(Note25)2	4,929,489	-	100.00%	100.00%	(653,060) (Note26)2	(3,753,624)	-	-	
WIS PRECISION (KUNSHAN) CO., LTD.	Production and sales of computer shell mold plastic	795,220	(Note25)2	231,014	-	28.88%	28.88%	(6,697) (Note26)2	161,656	-	-	
T-CONN PRECISION(ZHONGSHAN) CORPORATION	Production of telecommunication equipment and coupling for Special purpose	234,991	(Note25)2	85,873 (Note3)	-	23.17%	22.88%	11,629 (Note26)2	15,341	-	-	
Wistron Optronics (Kunshan) Co., Ltd.	Production of communication products and components	3,676,442	(Note25)2	3,632,613 (Note4)	-	100.00%	100.00%	195,297 (Note26)2	3,326,586	-	-	
Wistron Optronics (Shanghai) Co., Ltd.	Sales of communication products and components	131,044	(Note25)2	131,044	-	100.00%	100.00%	2,749 (Note26)2	69,577	-	-	
HSEH-YU(H)ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD.	Production and management of new-type electronic components	426,055 (Note18)	(Note25)2	79,722	-	26.08%	26.08%	- (Note26)2	-	-	-	
LIAN-YI PRECISION (ZHONGSHAN) INC.	Manufacturing of high-temperature resistant insulation materials and insulating materials, production of computer, server and their peripheral equipment.	1,124,931	(Note25)2	332,795	-	28.88%	28.88%	(16,557) (Note26)2	(297,411)	-	-	
WIS PRECISION (TAZAROU) CO., LTD.	Sales of new-type alloy(Mg-X-Al) material	2,220,802	(Note25)2	643,191	-	28.88%	28.88%	23,078 (Note26)2	744,954	-	-	
Harlec Technology (Kunshan) Co., Ltd.	Production and sales of electronic high-tech nano material	516,917	(Note25)2	128,815	-	20.02%	20.02%	3,887 (Note26)2	179,186	-	-	
Wistron Advanced Material(Kunshan) Co., Ltd	Research, manufacturing, and sales of electronic regeneration eco-friendly plastic goods	953,939	(Note25)2	953,939	-	100.00%	100.00%	(208,497) (Note26)2	48,851	-	-	
Zongshan Global Lighting Technology Limited Co.	Sales of LEP, backlight and related light-electronic components	445,825	(Note25)2	72,007	-	15.97%	15.97%	- (Note26)2	72,119	-	-	
Wistron InfoComm (CHONGQING) Co., Ltd.	Assembly and sales of Notebook computer	583,823	(Note25)2	583,823	-	100.00%	100.00%	674,493 (Note26)2	4,690,897	-	-	
Wistron Investment (Shanghai) Co., Ltd.	Investment and holding	2,501,266	(Note25)2	2,501,266 (Note5)	-	100.00%	100.00%	419,244 (Note26)2	5,948,409	-	-	
Wistron InfoComm (Changsha) Co., Ltd.	Assembly and sales of Notebook computer	2,396,524	(Note25)2	2,396,524 (Note5)	-	100.00%	100.00%	417,253 (Note26)2	5,886,749	-	-	
Wistron InfoComm Technology Service (Kunshan) Co., Ltd	Research and development of electronic calculator and other electronic products	59,042	(Note25)2	59,042	-	100.00%	100.00%	15,097 (Note26)2	130,840	-	-	
Weshek Information Technology Services Co., Ltd., Shanghai	Development of internet platform, providing application services, consulting services	31,224	(Note25)2	22,449 (Note19)	-	100.00%	100.00%	(2,800) (Note26)2	3,831	-	-	
Shenzhen Keen High Technologies Ltd	Manufacturing of digital photo frame, MP3, MP4 and GPS	198,648	(Note25)2	31,110 (Note6)	-	15.17%	15.17%	- (Note26)2	-	-	-	
SMS InfoComm(Chongqing) Co., Ltd.	Sales and distribution of computer products and components	126,838	(Note25)2	126,838	-	100.00%	100.00%	37,746 (Note26)2	182,936	-	-	
Kunshan ChangNuo Precision Die Casting Co., Ltd.	Sales and distribution of Zn-Al Alloy precision casting process,LCD Monitor of supporting frame and Electric tool series.	173,981	(Note25)2	-	-	14.96%	14.88%	(787) (Note26)2	71,137	-	-	
Wuyuan Technology Service Kunshan Ltd.	Sales of electronic products	10,659	(Note25)2	10,659	-	57.44%	50.84%	6,766 (Note26)2	28,699	-	-	
ICA Inc.	Research, design, manufacturing, sales and maintenance of intelligent terminals	91,991	(Note25)2	-	-	20.00%	20.00%	(304) (Note26)2	9,961	-	-	
Wistron Medical Tech (Chongqing) CO., LTD.	Production of medical equipments	94,200	(Note25)2	-	-	100.00%	100.00%	(33,632) (Note26)2	16,405	-	-	
XTRONCS(Nanjing) Automotive Intelligent Technologies Co., Ltd.	Virtual image head-up display, high-power car inverter high-power charging device	668,085 (Note24)	(Note25)2	-	-	33.41%	33.41%	(26,733) (Note26)2	195,317	-	-	
Wistron Investment(Hangzhou)CO., Ltd.	Investment and holding	3,117,440 (Note20)	(Note25)2	3,117,440	-	100.00%	100.00%	11,920 (Note26)2	9,390,355	-	-	
XTRONCS(Kunshan)Microelectronics Technology Co., Ltd	R&D, production and sale of automotive electronics, automotive parts, smart consumer equipment and electronics.	139,830	(Note25)2	-	-	100.00%	100.00%	(12,561) (Note26)2	125,793	-	-	

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2. Limitation on investment in Mainland China

Company	Accumulated Investment in Mainland China as of December 31, 2019 (Note1) ∙ (Note2) ∙ (Note3) ∙ (Note4) ∙ (Note5) ∙ (Note7) ∙ (Note8) ∙ (Note9) ∙ (Note10) ∙ (Note11) ∙ (Note12) ∙ (Note13) ∙ (Note14) ∙ (Note19) ∙ (Note20) ∙ (Note21) ∙ (Note22) and (Note23)	Investment Amounts Authorized by Investment Commission, MOEA (Note4) and (Note15)	Upper Limit on Investment (Note16)
Wistron Corporation	28,497,764 (USD 916,612,330)	30,713,306 (USD 1,019,599,744) & (CNY 4,000,000)	-

(TWD : expressed in thousands)

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

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

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

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

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

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

(Note 6) The board of directors of Shenzhen Keen High Technologies Ltd., in which the Company indirectly invested in, the court ruled that the application for bankruptcy and liquidation procedures was completed on December 29, 2016.

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- (Note 7) Shenzhen Jin Zhi Feng Electronic Co., Ltd. in which the Company indirectly invested in, had completed the cancellation of its business registration. The said investment capital amounting to USD 2,331,508.7, which entitled the Company to a full ownership of the entity, had been remitted to KJF Technology Ltd. and was authorized by the Investment Commission on January 12, 2015. However, according to the regulation, the remittance to Mainland China amounting to USD 104,452 (approximately TWD 3,155) was included in the accumulated investment amount.
- (Note 8) Dong Guan Comtek Electronics Co., Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY 449,415.79, which entitled the Company to a full ownership of the entity, had been remitted to Hong Kong Comtek Electronics Co. Ltd. and was authorized by the Investment Commission on July 15, 2013. However, according to the regulation, the remittance to Mainland China amounting to USD 179,344 (approximately TWD 5,371), was included in the accumulated investment amount.
- (Note 9) Top - Glory Electronic (Zhongshan) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 18,268.22, which entitled the Company to an 11% ownership of the entity, had been remitted to Super Elite Ltd. and was authorized by the Investment Commission on March 25, 2010. However, according to the regulation, the remittance to Mainland China amounting to USD 33,000 (TWD 1,071) was included in the accumulated investment amount.
- (Note 10) Changshu Pu Yuan electronics Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 3,895,791.97, which entitled the Company to a full ownership of the entity, had been remitted to Park Orchid, which was liquidated afterwards. The capital incurred from the liquidation of Park Orchid amounting to USD 2,461,084.65 was remitted to Win Smart. With that said, the capital amount of USD 2,461,084.65 entitled the Company to a 46.875% ownership of Win Smart. Therefore, the accumulated investment amount in Mainland China was revised to USD 2,812,500 on April 24, 2012, and was authorized by the Investment Commission on April 30, 2012. However, according to the regulation, the remittance to Mainland China amounting to USD 2,812,500 (TWD 84,714) was included in the accumulated investment amount.
- (Note 11) Wistron optronics (Shanghai) Corporation, in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 58,823.63, which entitled the Company to a full ownership of the entity, had been remitted to WDC and was authorized by the Investment Commission on December 16, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD 1 was included in the accumulated investment amount.
- (Note 12) Wistron Service (Shanghai) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 6,507.67 (approximately TWD 196), which entitled the Company to a full ownership of the entity, had been remitted to Taiwan and was authorized by the Investment Commission on March 6, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment was authorized by the Investment Commission on December 8, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD 133,492.33 (approximately TWD 4,350) was included in the accumulated investment amount.
- (Note 13) WIT Precision (Taizhou) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 18,577.5 (approximately TWD 556), which entitled the Company to a 30% ownership of the entity, had been remitted to Taiwan and was authorized by the Investment Commission on September 18, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment of the Company had already been authorized. However, according to the regulation, the remittance amounting to USD 1,241,422.5 (approximately TWD 39,449) was included in the accumulated investment amount.
- (Note 14) Zhongshan Deyi Electrical Equipment Co., Ltd. (Deyi), in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 525,684.97, which entitled the Company to a full ownership of the entity, had been remitted to FULLERTON LTD. On October 22, 2013, the Company applied for a revision of its indirect investment in Deyi amounting to USD 161,314, which had been authorized by the Investment Commission on October 28, 2013. Afterwards, the cancellation of investment of the Company was authorized by the Investment Commission on November 4, 2013. However, according to the regulation, the remittance to Mainland China amounting to (approximately TWD 5,121) was included in the accumulated investment amount.
- (Note 15) Translated using the spot rates on December 31, 2019.
- (Note 16) On December 6, 2017, the Company obtained the Certificate of Qualified Operating Headquarters, which was issued by the Department of Industrial Development, Ministry of Economic Affairs, in accordance with the revised "Approval Guidelines for Engagement in Investments or Technological Cooperation in Mainland China" and "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" that was announced on August 22, 2008. Therefore, the Company was not restricted or limited, in anyway, regarding the investment amount in Mainland China.
- (Note 17) Wistron InfoComm (CHONGQING) Co. Ltd., one of the fully directly owned subsidiaries of the Company, used its own capital to invest in ICA Inc.; the transaction was not restricted or limited, in anyway, regarding the investment amount in Mainland China.

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(Note 18) HSIEH - YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. merged with BriVision Optronics (Zhongshan) Corp. in the fourth quarter of 2016, both entities are fully owned subsidiaries of the Company, resulting in an increase in the investment capital of HSIEH - YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. to USD 2,452,912 (approximately TWD 79,722), which was authorized by the Investment Commission on November 30, 2016.

(Note 19) The Company invested the amount of USD 16,961 (approximately TWD 513) in WIEDU HONG KONG LIMITED, acquiring 18.73% of its share; therefore, resulting in an indirect ownership of Weshtek Information Technology Services Co., Ltd., Shanghai (Weshtek), which entitled the Company to a full ownership of Weshtek.

(Note 20) The indirect investment in WISTRON INVESTMENT (JIANGSU) CO. LTD., a holding company, through Win Smart Co. with amount of USD 200,000,000, was authorized by the Investment Commission on December 18, 2017. Till second quarter of 2019, the remittance to Mainland China amounted to USD 100,000,000 (approximately TWD 3,117,440). Wistron Investment(Jiangsu)CO.,Ltd. invested the amount of USD 100,000,000 (approximately TWD 3,055,830) in Wistron InfoComm Manufacturing (Kunshan) Co., Ltd., acquiring 78.13% of its share in the fourth quarter of 2019.

(Note 21) Wistron InfoComm (Qingdao) Co.,Ltd, Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 7,123,297.09, which entitled the Company to a full ownership of the entity, had been remitted to WISTRON HONG KONG HOLDING LIMITED. and was authorized by the Investment Commission on March 14, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD 6,000,000 (approximately TWD 179,436), was included in the accumulated investment amount.

(Note 22) Wiwynn Technology Service (Beijing) Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY 7,543.21, which entitled the Company to a full ownership of the entity, had been remitted to WIN SMART CO.,LTD. and was authorized by the Investment Commission on May 18, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD 2,899,788.94 (approximately TWD 86,742) was included in the accumulated investment amount.

(Note 23) ANWTH (KunShan) CO.,LTD. in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD 2,023,982.58, which entitled the Company to a full ownership of the entity, had been remitted to WISTRON HONG KONG LIMITED. and was authorized by the Investment Commission on October 19, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD 3,000,000 (approximately TWD 89,256) was included in the accumulated investment amount.

(Note 24) Wistron InfoComm (Kunshan) Co., Ltd., in which the Company indirectly invested, invested the amount of CNY 47,118,000 (TWD 209,859) in XTRONICS (Nanjing) Electronics Technology Co., acquiring 31.41% of its share in the fourth quarter of 2018, with which the change of its business registration had been completed in the first quarter of 2019. Xtronics Innovation Ltd. has agreed to transfer 2% of its shares to Wistron InfoComm (Kunshan) Co. Ltd., in which the Company indirectly invested. Wistron InfoComm (Kunshan) Co. Ltd. invested the amount of CNY 3,000,000 (approximately TWD 13,790) in XTRONICS (Nanjing) Electronics Technology Co., acquiring 33.41% of its share in the second quarter of 2019.

(Note 25) Ways to Invest in Mainland China :

1. Direct investment in Mainland China.
2. Indirect investment in Mainland China through a foreign company
3. Others

(Note 26) Recognized share of associates and joint ventures accounted for equity method :

1. The financial statements of the investee company were audited by the global accounting firm in cooperation with R.O.C. accounting firm.
2. The financial statements of the investee company were audited by the Company auditor
3. Others

3. Significant transactions

The significant transactions of the entities in China in which the Company, directly or indirectly owned, refer to table 1 to table 7.

6.6 Any financial distress experienced by the company or its affiliated enterprises and impacts on the company's financial position, in the last year up till the publication date of this annual report : None.

7. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

7.1.1 2019 vs. 2018 financial analysis

Unit : NT\$ thousands

Item	Year	2019.12.31	2018.12.31	Difference	
				Amount	%
Current assets		278,747,752	275,427,144	3,320,608	1.21
Net property, plant and equipment		40,673,093	42,868,387	(2,195,294)	(5.12)
Intangible assets		957,532	1,077,197	(119,665)	(11.11)
Other assets		23,797,958	19,729,847	4,068,111	20.62
Total assets		344,176,335	339,102,575	5,073,760	1.50
Current liabilities		238,928,971	239,878,889	(949,918)	(0.40)
Non-current liabilities		21,346,290	25,692,104	(4,345,814)	(16.91)
Total liabilities		260,275,261	265,570,993	(5,295,732)	(1.99)
Common stock		28,406,121	28,421,220	(15,099)	(0.05)
Capital surplus		24,681,872	22,863,619	1,818,253	7.95
Retained earnings		24,398,715	22,321,828	2,076,887	9.30
Other equity		(3,536,124)	(4,128,234)	592,110	(14.34)
Treasury stock		0	(533,236)	533,236	(100.00)
Equity attributable to owners of the company		73,950,584	68,945,197	5,005,387	7.26
Non-controlling interests		9,950,490	4,586,385	5,364,105	116.96
Total equity		83,901,074	73,531,582	10,369,492	14.10

7.1.2 Analysis for asset, liability and stockholders' equity balance change more than 20%, and the changed amount are more than NT\$10,000K

- (1) The increase in non-current liabilities was mainly due to increase in Right-of-use assets.
- (2) The decrease in treasury stock was mainly due to transferring treasury stock to employees and retired.
- (3) The increase in non-controlling interests was mainly due to the increase of net profit from subsidiaries.

7.2 Analysis of Financial Performance

7.2.1 2019 vs. 2018 operating result analysis

Unit : NT\$ thousands

Item \ Year	2019	2018	Increasing (decreasing) amount	Change percentage (%)
Net revenues	878,255,078	889,536,347	(11,281,269)	(1.27)
Cost of sales	836,096,528	851,977,091	(15,880,563)	(1.86)
Gross profit	42,158,550	37,559,256	4,599,294	12.25
Operating expenses	28,858,705	26,793,240	2,065,465	7.71
Operating income	13,299,845	10,766,016	2,533,829	23.54
Non-operating income and expenses	(523,779)	(1,107,178)	583,399	(52.69)
Profit before tax	12,776,066	9,658,838	3,117,228	32.27
Income tax expenses	3,049,823	2,373,649	676,174	28.49
Net profit	9,726,243	7,285,189	2,441,054	33.51
Other comprehensive income, net of tax	253,372	518,936	(265,564)	(51.17)
Total comprehensive income	9,979,615	7,804,125	2,175,490	27.88
Net profit attributable to owners of the Company	6,800,768	4,908,472	1,892,296	38.55
Total comprehensive income attributable to owners of the Company	7,111,916	5,350,283	1,761,633	32.93

7.2.2 Analysis for change item amount change more than 20%

- (1) Increase in operating income : The increase was mainly due to the increase of gross profit.
- (2) Increase in non-operating income and expenses: The increase was mainly due to the increase of interest revenues.
- (3) Increase in profit before tax, net profit and net profit attributable to owners of the Company : The increase was mainly due to the increase of operating income.
- (4) Decrease in other comprehensive income, net of tax: The increase was mainly due to the decrease of exchange differences on translation of financial statements.
- (5) Increase in income tax expenses: The increase was mainly due to the increase of profit before tax.
- (6) Increase in total comprehensive income and total comprehensive income attributable to owners of the Company: The increase was mainly due to the increase of net profit.

7.3 Cash flow

Change in consolidated cash flow in 2019:

Unit:NT\$ thousands

Cash beginning balance	Cash flow from operating activities	Cash flow (used in) investing & financing activities	Cash ending balance	Plan for cash ending balance shortage	
				Investment plan	Financing plan
43,529,023	18,595,562	(14,712,638)	47,411,947	-	-

7.3.1 Analysis of cash flow in 2019

- (1) Operating Activities: Mainly due to continuous cash flow generated from operation profitability in 2019.
- (2) Investing Activities: Cash flow-out mainly caused by the increase in fix asset acquisition and other assets-noncurrent.
- (3) Financing Activities: Cash flow-out mainly caused by the repayments of long-term and short-term loans.

7.3.2 Liquidity improvement plan

The Company showed no signs of liquidity deficit.

7.3.3 Analysis of cash liquidity in the coming year

To accommodate the financial market fluctuation and the funding needs for operation and investments, Company manage prudently the cash and other financial tools with the principle of maintaining the liquidity and safety.

7.4 Major Capital Expenditures and Impact on Financial and Business

7.4.1 Major Capital Expenditure and Sources of Funding

Unit : NT\$ thousands

Plan	Actual or planned source of capital	Total amount as of Dec 31, 2019	Status of Actual Use of Capital	
			2018	2019
Production facilities and Equipment	Cash Flow generated from operation	15,176,099	8,565,871	6,610,228

7.4.2 Expected Future Benefits

The investment in capital expenditure was for business growth as well as to expand capacity and to enhance productivity.

7.5 Investment Policies

The investments the company made were for long-term strategic purpose. In 2019, the investment income recognized under equity method was NT\$339,573 thousands. The company will continue making long-term strategic investments through prudent assessment in order to reinforce its competitiveness.

7.6 Risk Management

7.6.1 How does interest rate, exchange rate, or inflation influence Company's profit and loss, and how to manage such risks?

Items	2018 (in thousand NT dollars)	2019 (in thousand NT dollars)
Interest Income	1,071,586	2,009,432
Interest Expense	4,747,543	4,810,821
Exchange loss/gain	(431,584)	340,011

By the end of 2019, the cash and short-term investment balance of the Company totaled about NT\$47.4 billion with short term borrowings about NT\$57.3 billion. We reinvested the surplus cash after considerable evaluation of risks involved, while watching closely the change of bank lending rates on a regular basis.

Around 99% of the Company's revenue is from exports and most is in U.S. dollars, and most of the Company's material purchases use U.S. dollars as well. Therefore, the majority of Company's foreign currency operating exposure can be mutually offset. In addition, the Company has used regular hedge activities to manage its foreign exchange risk, under proper risk management guidelines. Due to the fluctuation of the foreign exchange rate and hedging activities, the Company delivered a foreign exchange gain of approximately NT\$340 million last year.

There was no major inflation around the world during the 2019 and the Company has not experienced much in this regard.

The action plan to cope with impacts from interest rates, exchange rates, and inflation is:

- (1) Mutually offset foreign assets and liabilities to mitigate the exposure.
- (2) Well plan and arrange the funding in advance based on the company's business projection and cash flow forecast.
- (3) Apply suitable financial instruments, such as derivatives, to hedge the risks under proper guidelines.

7.6.2 What is the Company's policy to make high risk or leveraged investment, make a loan, make a guarantee or buy derivatives? And what are the reasons of gain or loss and what are the future plans

The Company has not performed any high-risk or highly leveraged investments in the past year. And the Company has not loaned funds and endorsed or guaranteed for any parties other than the subsidiaries which were restricted by Company's internal policies, and no loss has incurred. The Company performed derivatives transactions under the related guidelines of the Company, and the transactions were within our business scope.

Looking ahead, the Company will adhere to its existing principles, and not make high-risk and highly leveraged investments. We will only loan to other parties, endorse and guarantee for other parties under the Company's applicable regulations. The derivatives transactions will be performed strictly in compliance with the Derivatives Transaction Procedures set forth by the Company.

7.6.3 Future R&D Development Plan and Investment

All R&D plans for 2019 have been implemented in volume production or have been submitted to the customers for verification after internal testing. We will continue to invest on R&D for 2020 to meet business growth needs. The estimated investment ratio of R&D expense to revenue will be in a range from 1.5% to 2% in 2020.

7.6.4 Effects of and Responsive actions to Changes in Policies and Regulations Relating to Finance and Operation

The Company had done all necessary and appropriate actions to the significant changes in international and inland policies and regulations relating to finance and operation.

7.6.5 Effects of and Responsive actions to Changes in Technology and the Industry Relating to Finance and Operation

There was no significant impact on finance and operation in the Company relating to recent technological and industrial changes.

7.6.6 Effects of and Responsive actions to Changes in Corporate Image Change on Our Risk Management

The most important factor of the Company's image is its integrity. Integrity is the fundamental principal in both our corporate culture and regulations, and has obtained recognition from the general public. Adhering to the integrity principle is beneficial to our risk management.

7.6.7 Expected benefits, risks and responsive measures of planned mergers or acquisitions

There were no mergers or acquisitions occurred in 2019.

7.6.8 Expected Benefits and Risks Related to Plant Facility Expansions

We establish our worldwide operations and arrange production service in the most appropriate location to meet the needs of customers. In 2019 Wistron began establishing a new manufacturing base in Vietnam and continuously increased the production percentage from Taiwan, Mexico, India, and Malaysia. This arrangement allows Wistron to take full advantage of the strengths of each country, enabling us to tailor-make products and services for different customers.

Having another new factory will increase manufacturing overhead (i.e. purchasing equipment, staff recruiting, and training employees) and will have negative financial impact if future income is not enough to cover the increased overhead. In response to this risk, Wistron not only commits to upgrade the manufacturing processes, improve product quality, save resources, and provide better services, but also strengthen cooperation with customers to earn more business opportunities and improve the capacity utilization.

7.6.9 Supply and Distribution Concentration

Comparing to the peers, there are no concentration risk on the suppliers and customers except 100% owned subsidiaries.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The shareholdings of the Company's directors have been stable during the last few years, and there have been no major transfers or swaps of shares.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights

The company has a very healthy shareholder's structure: 54.86% stock shares are held by foreign investors, 12.06% by domestic institutional investors, 0.06% by treasury shares. They possess around 66.98% in the aggregate. In addition, the healthy shareholding structure of the Company lowers the risk of key management changes. We will do our best effort to improve corporate management to reward our shareholders with better performance. This is the key to our company's sustained development.

7.6.12 Does the Company or its directors, supervisors, general manager, key managers, shareholders with more than 10% shareholding or subsidiaries have any pending lawsuits or disputes which might significantly affect the shareholders' equity or share prices? If yes, what are the facts, claims, filing date, major parties and status upon publishing of this Report

A. In June of 2016, Alacritech filed an action against the Company in the United States District Court for the Eastern District of Texas. The accused products are servers and network interface devices. The litigation has been stayed pending the decision of the US Court of Appeals for the Federal Circuit to review the validity of Alacritech's patent claims.

B. In March 2017, Hitachi Maxell LTD (Japan) initiated an arbitration in New York City in accordance with the UNCITRAL Arbitration Rules for breach of the digital televisions related Patent License Agreement between the parties. The Company has been working closely with its U.S. attorneys to defend the case, while the decision of the second hearing has not been made by the Tribunal yet. Thus, the Company cannot predict the final result of this arbitration.

7.6.13 Information Security

A. Information Security Policy

In implementing ISO information security management, Wistron focuses on regulation compliance, standardize processes, employees training and deploy security technology.

It strengthens the security on data, information systems, and network. Moreover, it can protect critical business processes and systems from human-induced risks such as theft, improper use, leakage, alteration or destruction which caused by negligence, deliberate or natural disasters.

With this, we can ensure the commitment to shareholders/customers and company's business continuity.

B. Effective Functioning and Continuous Improvement Information Security Management

In order to prove security management effectiveness, we certified ISO 27001 ISMS (Information Security Management System) and apply continuous improvement plan. The management mechanism includes:

- (1) Develop related standards and SOP to enable the operations of the security management;
- (2) Apply security technologies to identify, protect, detect, respond and recover timely and effectively;
- (3) Establish a contingency and recovery operation process for the security incidents, so as to quickly isolate and eliminate threats and minimize the impact;
- (4) Rehearse critical application system disaster recovery plan to verify the effectiveness;
- (5) Enhance information security awareness and comprehensive of employee continuously by social engineering simulation and on-line training;
- (6) Perform internal and external audits periodically.

C. The Information Security and Network Risk Assessment

We refer to internal and external security issues, security incidents and audit results to perform risk assessment regularly, and come out improvement or countermeasure plan to eliminate or reduce risks.

D. The Impact and Response for Major Information Security Incidents

No major security incidents and no information or data breaches that involving customers' personally identifiable information, affecting customers, relating to fines/penalties paid in 2019.

Because of the ever-changing threats and attack techniques, we will pay attention on security information technology and apply proper, timely defense or solution. To ensure management with a consistently effective approach to dealing with information security weaknesses and events.

7.6.14 Emerging Risks

Climate change risk:

According to the Global Risks Report 2019 published by the World Economic Forum, climate-related issues (extreme weather events, failure of climate change mitigation and adaptation, and natural disasters) are among the top major risks in the world. Factors causing climate change problems are closely related to energy use and carbon emission; hence, effectively managing energy and increasing use of renewable energy are key issues warranting our immediate attention.

Wistron's policies and commitments relating to climate change and energy are summarized below:

Wistron is committed to purchasing efficient energy equipment to increase our energy performance and actively conserve all types of energy sources. We abide by energy regulations that are associated with our activities, products, and services, as well as customer requirements, with the aim of meeting and surpassing the relevant standards.

Wistron has over the years continuously installed solar panels at its plants and utilized hydropower in some parts of its plants which resulted in an annual increase in the use of renewable energy. As climate change continues to pose risks to business operations, Wistron is working on medium- and long-term greenhouse gas emission reduction goals, promising to increase the use of renewable energy to mitigate climate change risks.

7.6.15 Other Risks : None.

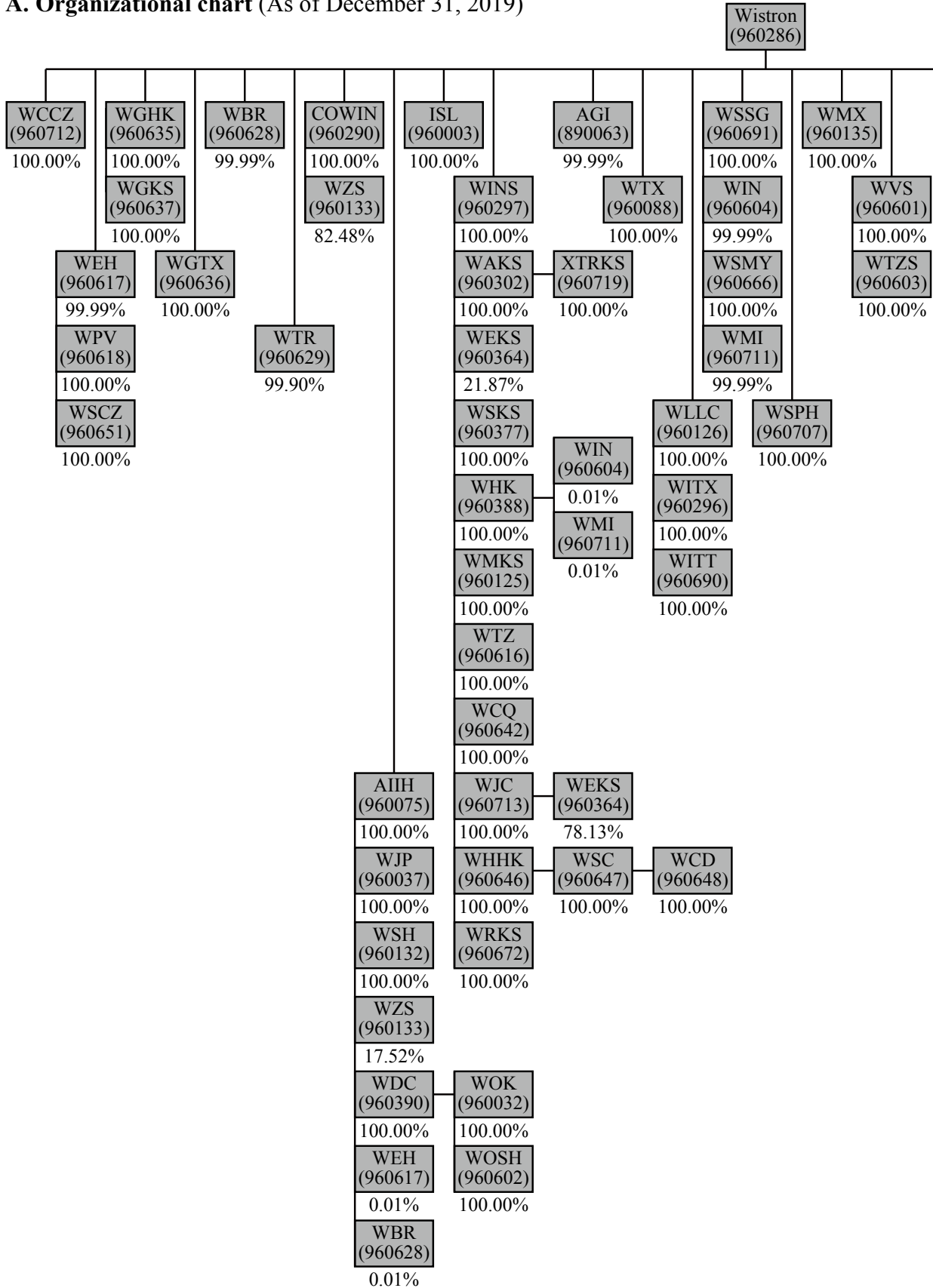
7.7 Other important matters : None.

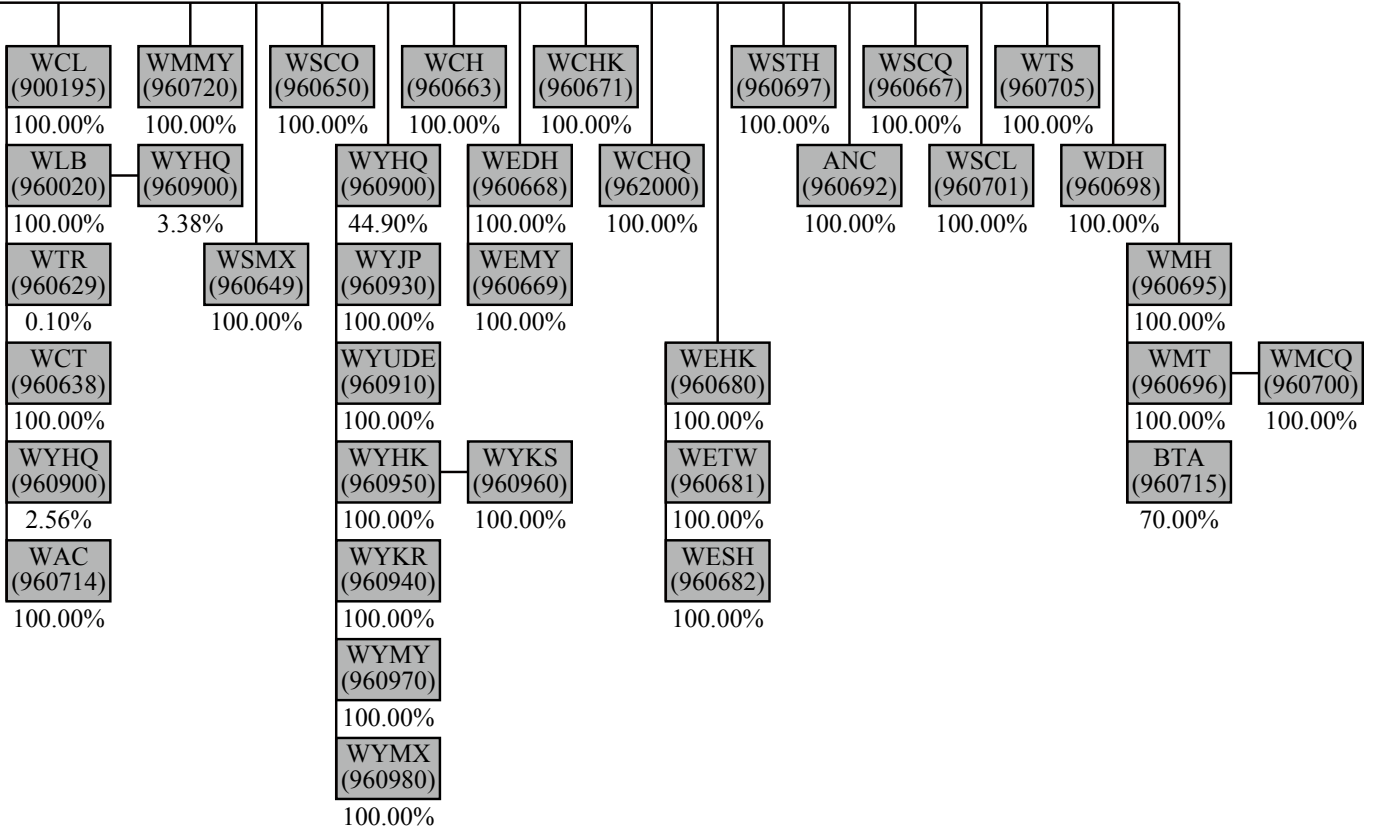
8. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated business report

A. Organizational chart (As of December 31, 2019)





B. Backgrounds of affiliated enterprises

No.	Code	Brief Name	Name of Company	Established Date
0	960286	WHQ	Wistron Corporation	2001.05.30
1	960003	ISL	INTERNATIONAL STANDARDS LABORATORY CORP.	1986.10.28
2	960707	WSPH	Wistron InfoComm (Philippines) Corporation	1995.05.19
3	960037	WJP	Wistron K.K.	1993.12.16
4	890063	AGI	WiAdvance Technology Corporation	1994.04.25
5	960075	AIHH	AII Holding Corporation	1994.12.21
6	960088	WTX	SMS Infocomm Corporation	1997.12.04
7	960296	WITX	Wistron InfoComm Technology (America) corporation	2007.08.21
8	960132	WSH	Wistron InfoComm (Shanghai) Corporation	1997.11.04
9	960133	WZS	Wistron InfoComm (Zhongshan) Corporation	1997.10.28
10	960135	WMX	Wistron Mexico S.A. de C.V.	1997.12.04
11	900195	WCL	Wise Cap Limited Company	1999.11.05
12	960020	WLB	LE BEN Investment Ltd.	2006.09.26
13	960290	COWIN	Cowin Worldwide Corporation	2001.09.07
14	960297	WINS	Win Smart Co., Ltd.	2001.09.07
15	960302	WAKS	Wistron InfoComm (Kunshan) Co., Ltd.	2001.09.27
16	960364	WEKS	Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.	2004.02.10
17	960377	WSKS	Wistron Service (Kunshan) Corp.	2004.07.23
18	960388	WHK	Wistron Hong Kong Limited	2005.05.07
19	960032	WOK	Wistron Optronics (Kunshan) Co., Ltd.	2006.01.27
20	960390	WDC	WinDisplay Corporation	2005.04.07
21	960691	WSSG	SMS InfoComm (Singapore) Pte. Ltd.	2008.01.25
22	960125	WMKS	SMS (Kunshan) Co., Ltd	2008.03.13

	Location	Currency	Paid in Capital	Rate	Main Business or Products
	Taiwan	NTD	28,406,120,500	1.0000	Research, development, manufacturing and sale of computer and information products
	Taiwan	NTD	24,344,620	1.0000	Safety and EMI test
	Philippines	USD	3,419,437	30.1060	Customer service and sale
	Japan	JPY	90,000,000	0.2765	CSD Maintenance company
	Taiwan	NTD	200,000,000	1.0000	Storage equipment, digital monitoring system, sales of digital multimedia, and related consultancy service
	B.V.I.	USD	347,485,701	30.1060	Investment and holding, sale of information and communication equipment and components
	U.S.A.	USD	11,500,000	30.1060	Customer service and sale
	U.S.A.	USD	49,500,000	30.1060	Warehousing, logistics and distribution for the related products and components of computer, communication and consumer electronic products
	China	RMB	8,283,779	4.3090	Research, development, design, testing and sales of computers software
	China	USD	234,000,000	30.1060	Assembly and sales of computer, server, and LCD TV
	Mexico	USD	65,300,000	30.1060	Assembly and installation of LCD TV
	Taiwan	NTD	1,875,379,870	1.0000	Investment consultant and business management consultant
	Taiwan	NTD	505,910,200	1.0000	Investment consultant and business management consultant
	B.V.I.	USD	188,393,915	30.1060	Investment and holding, sale of information and communication equipment and components
	B.V.I.	USD	484,065,492	30.1060	Investment and holding
	China	USD	32,000,000	30.1060	Assembly and sales of Notebook computer
	China	USD	128,000,000	30.1060	Sales of mobile phone
	China	USD	360,000	30.1060	Maintenance of computer products
	H.K.	HKD	25,281,200	3.8659	Computer repair service
	China	RMB	763,968,890	4.3090	Production of communication products and components
	B.V.I.	USD	124,100,000	30.1060	Investment and holding, sale of telecommunication equipment and components
	Singapore	USD	112,489,410	30.1060	Customer service
	China	RMB	173,809,000	4.3090	Maintenance of computer products

No.	Code	Brief Name	Name of Company	Established Date
23	960126	WLLC	Wistron LLC	2003.06.26
24	960601	WVS	WisVision Corporation	2008.06.03
25	960602	WOSH	Wistron Optronics (Shanghai) Co., Ltd.	2008.07.11
26	960603	WTZS	Wistron InfoComm Technology (Zhongshan) Co., Ltd.	2008.11.07
27	960604	WIN	ICT Service Management Solutions (India) Private Limited	2008.09.26
28	960616	WTZ	Wistron InfoComm (Taizhou) Co., Ltd.	2009.08.24
29	960617	WEH	Wistron Europe Holding Cooperatie U.A.	2010.02.22
30	960618	WPV	Polymer Vision B.V.	2010.02.22
31	960628	WBR	SMS InfoComm Technology Services and Management Solutions Ltd.	2010.08.13
32	960629	WTR	SMS InfoComm Technology Services Limited Company	2010.08.18
33	960635	WGHK	Wistron Advanced Materials (Hong Kong) Limited	2010.07.27
34	960636	WGTX	Wistron GreenTech (Texas) Corporation	2010.08.25
35	960637	WGKS	Wistron Advanced Materials (Kunshan) Co., Ltd.	2010.11.30
36	960638	WCT	Creator Technology B.V.	2010.12.31
37	960642	WCQ	Wistron InfoComm (Chongqing) Co.Ltd.	2011.04.28
38	960720	WMMY	Wistron Technology (Malaysia) Sdn.Bhd.	2011.03.22
39	960646	WHHK	Wistron Hong Kong Holding Limited	2011.05.05
40	960649	WSMX	Service Management Solutions Mexico SA DE CV	2011.07.05
41	960647	WSC	Wistron Investment (Sichuan) Co., Ltd.	2011.07.11
42	960648	WCD	Wistron InfoComm (Chengdu) Co., Ltd.	2011.08.05
43	960650	WSCO	Service Management Solutions Colombia S.A.S.	2011.12.01
44	960651	WSCZ	SMS InfoComm (Czech) s.r.o.	2011.11.24
45	960900	WYHQ	Wiwynn Corporation	2012.03.03
46	960663	WCH	Wistron Mobile Solutions Corporation	2012.12.14
47	960930	WYJP	Wiwynn Technology Service Japan , Inc.	2013.03.01
48	960910	WYUDE	Wiwynn International Corporation	2013.02.11
49	960668	WEDH	WiEDU Holding Co., Ltd.	2013.06.06
50	960669	WEMY	WIEDU SDN. BHD.	2013.06.11
51	960671	WCHK	WiseCap (Hong Kong) Limited	2013.08.16

	Location	Currency	Paid in Capital	Rate	Main Business or Products
	U.S.A.	USD	54,360,000	30.1060	Investment and holding
	B.V.I.	USD	12,005,000	30.1060	Investment and holding
	China	RMB	27,641,180	4.3090	Sales of communication products and components
	China	RMB	13,670,560	4.3090	Assembly and sales of LCD Monitor
	India	INR	143,436,020	0.4289	Computing products repair and service parts distribution
	China	USD	160,000,000	30.1060	Assembly and sales of LCD Monitor and Touch display module
	Netherlands	EUR	34,922,836	33.7067	Investment and holding
	Netherlands	EUR	24,910,836	33.7067	R&D
	Brazil	BRL	37,247,500	7.4803	Customer service
	Turkey	TRY	2,200,000	5.0593	Customer service
	H.K.	USD	33,500,000	30.1060	Investment and holding
	U.S.A.	USD	13,005,000	30.1060	Recycling service of information technology products
	China	USD	32,000,000	30.1060	Research, manufacturing, and sales of electronic regeneration ecofriendly plastic goods
	Netherlands	EUR	12,100,000	33.7067	R&D
	China	USD	19,800,000	30.1060	Assembly and sales of Notebook computer
	Malaysia	USD	19,244,648	30.1060	Assembly and installation of LCD TV
	H.K.	USD	89,550,000	30.1060	Investment and holding
	Mexico	MXN	36,429,340	1.5906	Customer service
	China	USD	83,500,000	30.1060	Investment and holding
	China	USD	80,000,000	30.1060	Assembly and sales of Notebook computer
	Colombia	COP	5,562,754,500	0.0092	Customer service
	Czech	CZK	242,200,000	1.3267	Customer service
	Taiwan	NTD	1,746,367,910	1.0000	Research, development, sale, and service of information products
	U.S.A.	USD	20,000,000	30.1060	R&D
	Japan	JPY	20,000,000	0.2765	Sale of electronic products
	U.S.A.	USD	1,690,100	30.1060	Sale of electronic products
	Seychelles	USD	5,700,000	30.1060	Investment and holding
	Malaysia	MYR	21,236,150	7.3537	Development and sales of information technology products and related software
	Hong Kong	USD	7,512,894	30.1060	Investment and holding

No.	Code	Brief Name	Name of Company	Established Date
52	962000	WCHQ	Anwith Technology Corporation	2013.09.11
53	960672	WRKS	Wistron InfoComm Technology Service (Kunshan) Co., Ltd.	2013.11.22
54	960950	WYHK	Wiwynn Technology Service Hong Kong Limited	2013.09.11
55	960960	WYKS	Wiwynn Technology Service KunShan Ltd.	2014.02.12
56	960666	WSMY	SMS INFOCOMM (MALAYSIA) SDN. BHD.	2013.03.21
57	960680	WEHK	WiEdu Hong Kong Limited	2014.07.21
58	960681	WETW	WIEDU CORPORATION	2014.11.14
59	960682	WESH	Weshtek Information Technology Services Co., Ltd., Shanghai	2014.12.08
60	960690	WITT	Wistron InfoComm Technology (Texas) Corporation	2015.09.17
61	960698	WDH	Wistron Digital Technology Holding Company	2016.04.12
62	960695	WMH	Wistron Medical Tech Holding Company	2016.04.19
63	960940	WYKR	Wiwynn Korea Ltd.	2016.05.03
64	960697	WSTH	ANWITH SERVICE CO., LTD.	2016.04.12
65	960696	WMT	Wistron Medical Technology Corporation	2016.08.01
66	960692	ANC	Anwith Corporation	2016.01.07
67	960700	WMCQ	Wistron Medical Tech (Chongqing) CO., LTD.	2016.09.14
68	960667	WSCQ	SMS InfoComm (Chongqing) Co., Ltd.	2016.10.19
69	960701	WSCL	SMS INFOCOMM CHILE SERVICIOS LIMITADA	2016.09.08
70	960970	WYMY	WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD	2017.07.13
71	960705	WTS	Wistron Technology Service (America) Corporation	2017.08.30
72	960711	WMI	Wistron InfoComm Manufacturing (India) Private Limited	2018.02.18
73	960712	WCCZ	Wistron InfoComm (Czech). s.r.o.	2007.01.03
74	960714	WAC	Abilliant Corporation	2018.11.14

	Location	Currency	Paid in Capital	Rate	Main Business or Products
	Taiwan	NTD	10,000,000	1.0000	Sale and maintenance of computer products and electronic information products
	China	USD	2,000,000	30.1060	Research and development of electronic calculator and other electronic products
	Hong Kong	USD	400,000	30.1060	Investment and holding
	China	RMB	2,156,350	4.3090	Sales of electronic products
	Malaysia	MYR	4,590,897	7.3537	Computing Products repair and service parts distribution
	Hong Kong	USD	10,140,200	30.1060	Investment and holding, development of Internet platform, provide, sale, and consultancy of the application service
	Taiwan	NTD	65,000,000	1.0000	Development of internet platform, providing application services, consulting services
	China	RMB	6,236,300	4.3090	Development of internet platform, providing application services, consulting services
	U.S.A.	USD	4,510,000	30.1060	Processing and sale of electronic information products
	Taiwan	NTD	678,730,000	1.0000	Investment and holding
	Taiwan	NTD	2,000,000,000	1.0000	Investment and holding
	Korea	KRW	100,000,000	0.0261	Sale of electronic products
	Thailand	THB	9,497,000	1.0093	Maintenance of computer products
	Taiwan	NTD	200,000,000	1.0000	Manufacturing of medical instruments
	U.S.A.	USD	750,000	30.1060	Sales and maintenance of mobile phone
	China	RMB	20,323,200	4.3090	Production of medical equipments
	China	USD	4,000,000	30.1060	Sales and distribution of computer products and components
	Chile	CLP	670,000,000	0.0410	Maintenance of computer products
	Malaysia	MYR	2,050,200	7.3537	Sale of electronic products
	U.S.A.	USD	350,000	30.1060	Development of new business and customer service
	India	INR	3,799,371,000	0.4289	Mobile products manufacture
	Czech	USD	29,216,614	30.1060	Production, installation and repairing of electronic appliances
	Taiwan	NTD	1,000,000	1.0000	Manufacturing, wholesale and retail of electronic related products

No.	Code	Brief Name	Name of Company	Established Date
75	960980	WYMX	Wiwynn Mexico S.A. de C.V.	2019.02.14
76	960715	BTA	B Temia Asia Pte Ltd.	2019.04.02
77	960713	WJC	Wistron Investment (Jiangsu)CO., Ltd.	2019.06.27
78	960719	XTRKS	XTRONICS(Kunshan)Electronics Technology Co., Ltd.	2019.10.29

C. Common Shareholders among Controlling and Controlled Entities : None.

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

- (A) desktop computers, notebook computers, motherboards, servers, system platforms, high – speed and multi – function multiple - CPU computer systems, multi - media computers, network computers, consumer - type computers and special computers, micro-processors, CD - ROMs, PDAs, panel PCs, pocket computers and interface cards;
- (B) video and internet telephones, video conferencing equipment and telecommunication equipment;
- (C) digital satellite TV receivers, set - top boxes, digital video decoders and multi – media appliance products;
- (D) digital cameras, CD - ROM drives and DVD - ROM drives;
- (E) wireless receiver products (mobile phones, wireless LAN cards, and Bluetooth communication modules);
- (F) LCD TVs and other electronic audio & visual products;
- (G) design and merchandising of computer software and programs;
- (H) import and export trade relevant to the business of this company;
- (I) maintenance and cleaning of electronics products;
- (J) recycling of electronic waste;
- (K) in vitro diagnostic device, physiological signal diagnostic device and medical data system;
- (L) manufacturing, processing and selling of electronic products for automobile

	Location	Currency	Paid in Capital	Rate	Main Business or Products
	Mexico	MXN	31,053,440	1.5906	Human Resources
	Singapore	USD	2,678,571	30.1060	Exoskeleton product device
	China	USD	100,000,000	30.1060	Investment and holding
	China	RMB	32,000,000	4.3090	R&D, production and sale of automotive electronics, automotive parts, smart consumer equipment and telematics

E. Backgrounds of directors, supervisors and presidents of affiliated enterprises: as of the publication date of annual report

No.	Code	Brief Name	Name of Company	Title / Represented Institution
1	960003	ISL	INTERNATIONAL STANDARDS LABORATORY CORP.	Director Supervisor
2	960707	WSPH	Wistron InfoComm (Philippines) Corporation	Director
3	960037	WJP	Wistron K.K.	Director Supervisor
4	890063	AGI	WiAdvance Technology Corporation	Director Supervisor
5	960075	AIH	AII Holding Corporation	Director
6	960088	WTX	SMS Infocomm Corporation	Director
7	960296	WITX	Wistron InfoComm Technology (America) corporation	Director
8	960132	WSH	Wistron InfoComm (Shanghai) Corporation	Director Supervisor
9	960133	WZS	Wistron InfoComm (Zhongshan) Corporation	Director Supervisor
10	960135	WMX	Wistron Mexico S.A. de C.V.	Director
11	900195	WCL	Wise Cap Limited Company	Director
12	960020	WLB	LE BEN Investment Ltd.	Director
13	960290	COWIN	Cowin Worldwide Corporation	Director
14	960297	WINS	Win Smart Co., Ltd.	Director
15	960302	WAKS	Wistron InfoComm (Kunshan) Co., Ltd.	Director Supervisor
16	960364	WEKS	Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.	Director Supervisor
17	960377	WSKS	Wistron Service (Kunshan) Corp.	Director Supervisor
18	960388	WHK	Wistron Hong Kong Limited	Director

Name or Representative	No. of Shares / Paid in Capital	Ratio (%)
Wistron Corporation Legal Representative: Jeff Lin Peter Lee Jammy Chen	2,434,462	100.00
Wistron Corporation Legal Representative: Fred Chiu		
Robert Hwang Ya-Ling Hsu William Lin Ricky Kuan Wallice Wang	139,567,270	100.00
Andy TC Kuo Jeff Lin Peter Tung Fred Chiu	JPY\$90,000,000	100.00
Wistron Corporation Legal Representative: Robert Hwang David Shen Michael Hsia Stone Shih	19,998,536	99.99
Robert Hwang Donald Hwang Stone Shih	347,485,702	100.00
Jeff Lin Peter Tung Phil Huang	4,832,686	100.00
Jeff Lin Peter C.L. Chao Stone Shih	4,950,000	100.00
Robert Hwang Stone Shih	US\$1,000,000	100.00
Jeff Lin Robert CL Lin Jackie Lai Fred Chiu	US\$234,000,000	100.00
Jeff Lin Peter C.L. Chao Jackie Lai	293,453,615	100.00
Wistron Corporation Legal Representative: Frank F.C. Lin Stone Shih Donald Hwang	NT\$1,875,379,870	100.00
Wise Cap Limited Company Legal Representative: Frank F.C. Lin Stone Shih Donald Hwang	NT\$505,910,200	100.00
Jeff Lin Robert CL Lin Jackie Lai	188,393,915	100.00
Robert Hwang Jeff Lin David Shen	484,065,492	100.00
Jeff Lin Robert CL Lin Jackie Lai Fred Chiu	US\$32,000,000	100.00
David Shen Jeff CW Lin James Chou Lydia Liang	US\$128,000,000	100.00
Jeff Lin Peter Tung Audy Yeh Fred Chiu	US\$360,000	100.00
Jeff Lin	25,281,200	100.00

No.	Code	Brief Name	Name of Company	Title / Represented Institution
19	960032	WOK	Wistron Optronics (Kunshan) Co., Ltd.	Director Supervisor
20	960390	WDC	WinDisplay Corporation	Director
21	960691	WSSG	SMS InfoComm (Singapore) Pte. Ltd.	Director
22	960125	WMKS	SMS (Kunshan) Co., Ltd	Director Supervisor
23	960126	WLLC	Wistron LLC	Director
24	960601	WVS	WisVision Corporation	Director
25	960602	WOSH	Wistron Optronics (Shanghai) Co., Ltd.	Director Supervisor
26	960603	WTZS	Wistron InfoComm Technology (Zhongshan) Co., Ltd.	Director Supervisor
27	960604	WIN	ICT Service Management Solutions (India) Private Limited	Director
28	960616	WTZ	Wistron InfoComm (Taizhou) Co., Ltd.	Director Supervisor
29	960617	WEH	Wistron Europe Holding Cooperatie U.A.	Director
30	960618	WPV	Polymer Vision B.V.	Director
31	960628	WBR	SMS InfoComm Technology Services and Management Solutions Ltd.	Director
32	960629	WTR	SMS InfoComm Technology Services Limited Company	Director
33	960635	WGHK	Wistron Advanced Materials (Hong Kong) Limited	Director
34	960636	WGTX	Wistron GreenTech (Texas) Corporation	Director
35	960637	WGKS	Wistron Advanced Materials (Kunshan) Co. Ltd	Director Supervisor
36	960638	WCT	Creator Technology B.V.	Director
37	960642	WCQ	Wistron InfoComm (Chongqing) Co. Ltd.	Director Supervisor
38	960720	WMMY	Wistron Technology (Malaysia) Sdn. Bhd.	Director
39	960646	WHHK	Wistron Hong Kong Holding Limited	Director
40	960649	WSMX	Service Management Solutions Mexico SA DE CV	Director
41	960647	WSC	Wistron Investment (Sichuan) Co., Ltd.	Director Supervisor
42	960648	WCD	Wistron InfoComm (Chengdu) Co., Ltd.	Director Supervisor
43	960650	WSCO	Service Management Solutions Colombia S.A.S.	Director

	Name or Representative	No. of Shares / Paid in Capital	Ratio (%)
	David Shen Vincent Cho James Chou Lydia Liang	US\$119,800,000	100.00
	Robert Hwang Vincent Cho Peter Tung Eileen Chan	US\$124,100,000 112,489,410	100.00 100.00
	Jeff Lin Peter Tung Karl Chang Fred Chiu	US\$27,000,000	100.00
	Stone Shih	5,436,000	100.00
	Robert Hwang David Shen Jeff Tsao	12,005,000	100.00
	David Shen	US\$4,300,000	100.00
	Lydia Liang		
	Jeff Lin David Shen Jeff Tsao	US\$2,000,000	100.00
	Stone Shih		
	Robert Hwang William Lin Daniel CN Chen	14,343,602	100.00
	Juo-Ching, Lu		
	David Shen Vincent Cho James Chou	US\$160,000,000	100.00
	Lydia Liang		
	Robert Hwang	EUR\$34,922,836	100.00
	Brian Chong	EUR\$24,910,836	100.00
	Corey Chen	BRL\$37,247,500	100.00
	Kevin IK Kao	TRY\$2,200,000	100.00
	David Shen	33,500,000	100.00
	Jeff Lin Peter Tung Jerry NT Wang	13,005	100.00
	David Shen Vincent Cho Steven SH Huang	US\$32,000,000	100.00
	Lydia Liang		
	Donald Hwang	EUR\$12,100,000	100.00
	Jeff Lin Robert CL Lin Jackie Lai	US\$19,800,000	100.00
	Fred Chiu		
	David Shen Eric YH Huang Howard Liu	80,000,000	100.00
	Jeff Lin	89,550,000	100.00
	Jeff Lin Peter Tung Corey Chen	36,429,340	100.00
	Jeff Lin Robert CL Lin Jackie Lai	US\$83,500,000	100.00
	Fred Chiu		
	Jeff Lin Robert CL Lin Jackie Lai	US\$80,000,000	100.00
	Fred Chiu		
	Corey Chen	US\$3,100,000	100.00

No.	Code	Brief Name	Name of Company	Title / Represented Institution
44	960651	WSCZ	SMS InfoComm (Czech) s.r.o.	Director
45	960900	WYHQ	Wiwynn Corporation	Director
				Independent director
46	960663	WCH	Wistron Mobile Solutions Corporation	Director
47	960930	WYJP	Wiwynn Technology Service Japan , Inc.	Director
48	960910	WYUDE	Wiwynn International Corporation	Director
49	960668	WEDH	WiEDU Holding Co., Ltd.	Director
50	960669	WEMY	WIEDU SDN. BHD.	Director
51	960671	WCHK	WiseCap (Hong Kong) Limited	Director
52	962000	WCHQ	Anwith Technology Corporation	Director
				Supervisor
53	960672	WRKS	Wistron InfoComm Technology Service (Kunshan) Co., Ltd.	Director
				Supervisor
54	960950	WYHK	Wiwynn Technology Service Hong Kong Limited	Director
55	960960	WYKS	Wiwynn Technology Service KunShan Ltd.	Director
				Supervisor
56	960666	WSMY	SMS INFOCOMM (MALAYSIA) SDN. BHD.	Director
57	960680	WEHK	WiEdu Hong Kong Limited	Director
58	960681	WETW	WIEDU CORPORATION	Director
				Supervisor
59	960682	WESH	Weshtek Information Technology Services Co., Ltd., Shanghai	Director
				Supervisor
60	960690	WITT	Wistron InfoComm Technology (Texas) Corporation	Director
61	960698	WDH	Wistron Digital Technology Holding Company	Director
				Supervisor

Name or Representative	No. of Shares / Paid in Capital	Ratio (%)
Eric Hsiao	CZK\$242,200,000	100.00
Wistron Corporation Legal Representative:	88,777,569	50.84
Simon Lin Frank F.C. Lin, Emily Hong		
Sunlai Chang Steven Lu		
Lin,Bao-Yong Zeng,Chui-Ji Han,Jing-Shi		
Zheng,Zhong-Ren		
Donald Hwang Brian Chong Eric YH Huang	20,000	100.00
Emily Hong	203	50.84
Emily Hong Robin Wang Hsu,Ruei-Chang	85,924,684	50.84
Robert Hwang	5,700,000	100.00
Robert Hwang	21,236,150	100.00
Frank F.C. Lin Robert Hwang Stone Shih	58,445,950	100.00
Wistron Corporation Legal Representative:	1,000,000	100.00
Jeff Lin Peter Tung Ted Chiu		
Wistron Corporation Legal Representative:		
Fred Chiu		
David Shen Eric YH Huang James Chou	US\$2,000,000	100.00
Lydia Liang		
Emily Hong	203,360	50.84
Emily Hong	US\$177,940	50.84
Harry Chen		
Peter Tung Cheong Teik Cheun	4,590,895	100.00
Robert Hwang Charles Hsu	11,426,000	100.00
WiEdu Hong Kong Limited Legal Representative:	6,500,000	100.00
Robert Hwang David Shen Charles Hsu		
WiEdu Hong Kong Limited Legal Representative:		
Stone Shih		
Robert Hwang	US\$1,000,000	100.00
Stone Shih		
Jeff Lin Stone Shih Peter C.L. Chao	451,000	100.00
Wistron Corporation Legal Representative:	67,873,000	100.00
Simon Lin Frank F.C. Lin Donald Hwang		
Wistron Corporation Legal Representative:		
Stone Shih		

No.	Code	Brief Name	Name of Company	Title / Represented Institution
62	960695	WMH	Wistron Medical Tech Holding Company	Director Supervisor
63	960940	WYKR	Wiwynn Korea Ltd.	Director
64	960697	WSTH	ANWITH SERVICE CO., LTD.	Director
65	960696	WMT	Wistron Medical Technology Corporation	Director Supervisor
66	960692	ANC	Anwith Corporation	Director
67	960700	WMCQ	Wistron Medical Tech (Chongqing) CO., LTD.	Director Supervisor
68	960667	WSCQ	SMS InfoComm(Chongqing) Co.,Ltd.	Director Supervisor
69	960701	WSCL	SMS INFOCOMM CHILE SERVICIOS LIMITADA	Director
70	960970	WYMY	WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD	Director
71	960705	WTS	Wistron Technology Service (America) Corporation	Director
72	960711	WMI	Wistron InfoComm Manufacturing (India) Private Limited	Director
73	960712	WCCZ	Wistron InfoComm (Czech). s.r.o.	Director
74	960714	WAC	Abilliant Corporation	Director Supervisor
75	960980	WYMX	Wiwynn Mexico S.A. de C.V.	Director
76	960715	BTA	B Temia Asia Pte Ltd.	Director
77	960713	WJC	Wistron Investment (Jiangsu)CO., Ltd.	Director Supervisor
78	960719	XTRKS	XTRONICS(Kunshan)Electronics Technology Co., Ltd	Director Supervisor

Name or Representative	No. of Shares / Paid in Capital	Ratio (%)
Wistron Corporation Legal Representative: Robert Hwang Frank F.C. Lin Donald Hwang	200,000,000	100.00
Wistron Corporation Legal Representative: Stone Shih		
Emily Hong	10,168	50.84
Robert Hwang William Lin Johnson Wang	3,798,800	100.00
Wistron Medical Tech Holding Company Legal Representative: Robert Hwang Frank F.C. Lin Donald Hwang	20,000,000	100.00
Wistron Medical Tech Holding Company Legal Representative: Stone Shih		
Jeff Lin Peter Tung Jerry NT Wang	75,000	100.00
Robert Hwang Gem Hsieh C.K. Lin	US\$3,000,000	100.00
Lydia Liang		
Jeff Lin Peter Tung Audy Yeh	US\$4,000,000	100.00
Fred Chiu		
Corey Chen Robert Hwang William Lin	US\$1,000,000	100.00
Joe Chiao Robin Wang	1,042,322	50.84
William Lin	35,000	100.00
David Shen Peter Tung	379,937,100	100.00
Senthil Iyyamperumal Kumar		
Eric Lin	EUR\$23,844,494	100.00
Wise Cap Limited Company Legal Representative: Donald Hwang James C.C. Yu Jeff Lee	100,000	100.00
Wise Cap Limited Company Legal Representative: Stone Shih		
Emily Hong Robin Wang	MXN\$15,787,569	50.84
Frank F.C. Lin Stephane Bedard Chan May Yoke	1,875,000	70.00
David Shen Stone Shih James Chou	US\$100,000,000	100.00
Lydia Liang		
Jheng,Sian-Cong Jeff Lin Robert CL Lin	RMB\$32,000,000	100.00
Fred Chiu		

F. Performance of affiliated enterprises:

No.	Code	Brief Name	Name of Company
0	960286	Wistron	Wistron Corporation
1	960003	ISL	INTERNATIONAL STANDARDS LABORATORY CORP.
2	960707	WSPH	Wistron InfoComm (Philippines) Corporation
3	960037	WJP	Wistron K.K.
4	890063	AGI	WiAdvance Technology Corporation
5	960075	AIH	AII Holding Corporation
6	960088	WTX	SMS Infocomm Corporation
7	960296	WITX	Wistron InfoComm Technology (America) corporation
8	960132	WSH	Wistron InfoComm (Shanghai) Corporation
9	960133	WZS	Wistron InfoComm (Zhongshan) Corporation
10	960135	WMX	Wistron Mexico S.A. de C.V.
11	900195	WCL	Wise Cap Limited Company
12	960020	WLB	LE BEN Investment Ltd.
13	960290	COWIN	Cowin Worldwide Corporation
14	960297	WINS	Win Smart Co., Ltd.
15	960302	WAKS	Wistron InfoComm (Kunshan) Co., Ltd.
16	960364	WEKS	Wistron InfoComm Manufacturing (Kunshan) Co., Ltd.
17	960377	WSKS	Wistron Service (Kunshan) Corp.
18	960388	WHK	Wistron Hong Kong Limited
19	960032	WOK	Wistron Optronics (Kunshan) Co., Ltd.
20	960390	WDC	WinDisplay Corporation
21	960691	WSSG	SMS InfoComm (Singapore) Pte. Ltd.
22	960125	WMKS	SMS (Kunshan) Co., Ltd
23	960126	WLLC	Wistron LLC
24	960601	WVS	WisVision Corporation
25	960602	WOSH	Wistron Optronics (Shanghai) Co., Ltd.
26	960603	WTZS	Wistron InfoComm Technology (Zhongshan) Co., Ltd.
27	960604	WIN	ICT Service Management Solutions (India) Private Limited
28	960616	WTZ	Wistron InfoComm (Taizhou) Co., Ltd.
29	960617	WEH	Wistron Europe Holding Cooperatie U.A.
30	960618	WPV	Polymer Vision B.V.
31	960628	WBR	SMS InfoComm Technology Services and Management Solutions Ltd.
32	960629	WTR	SMS InfoComm Technology Services Limited Company
33	960635	WGHK	Wistron Advanced Materials (Hong Kong) Limited
34	960636	WGTX	Wistron GreenTech (Texas) Corporation
35	960637	WGKS	Wistron Advanced Materials (Kunshan) Co. Ltd
36	960638	WCT	Creator Technology B.V.
37	960642	WCQ	Wistron InfoComm (Chongqing) Co., Ltd.
38	960720	WMMY	Wistron Technology (Malaysia) Sdn. Bhd.

Unit: NT\$ thousands

	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenues	Operating income	Net profit (after-tax)	Earnings Per Share (in dollar)
	28,406,121	347,052,242	273,101,658	73,950,584	735,742,458	2,390,152	6,800,768	2.40
	24,345	160,392	95,687	64,706	163,221	7,783	7,813	3.21
	102,946	1,435,895	1,293,584	142,312	1,461,577	(85,644)	(91,460)	NA
	24,885	1,204,892	981,845	223,047	989,822	2,271	965	104.24
	200,000	235,164	98,535	136,629	488,128	(55,176)	(48,539)	(0.26)
	10,461,405	43,996,522	38,955,453	5,041,069	165,724,630	151,065	0	NA
	346,219	3,189,611	1,577,071	1,612,540	5,538,539	212,806	156,882	31.61
	1,490,247	20,832,620	18,727,605	2,105,014	30,554,776	142,749	109,652	21.57
	35,695	93,424	41,732	51,693	71,761	1,466	1,618	NA
	7,044,804	45,204,505	27,041,476	18,163,028	149,940,243	756,497	1,105,885	NA
	1,965,922	2,574,548	278,227	2,296,321	1,289,193	(23,059)	(40,478)	NA
	1,875,380	2,242,025	157,323	2,084,703	0	(283)	521,239	NA
	505,910	737,582	52,677	684,905	0	(301)	206,749	NA
	5,671,787	56,547,590	42,341,796	14,205,793	146,421,347	(121)	756,058	3.91
	14,573,276	32,247,416	0	32,247,416	0	(88)	1,048,502	2.11
	963,392	30,880,458	21,131,400	9,749,057	76,747,037	60,813	190,231	NA
	3,853,568	47,709,116	35,656,036	12,053,080	142,211,994	248,783	296,654	NA
	10,838	1,737,293	1,073,117	664,176	3,408,276	58,063	52,431	NA
	97,735	94,348	9,677	84,671	42,033	2,189	2,623	NA
	3,291,942	22,884,784	19,558,198	3,326,586	72,550,330	51,340	195,297	NA
	3,736,155	3,396,175	0	3,396,175	0	0	198,046	NA
	3,386,606	4,970,229	2,224,213	2,746,016	3,101,922	63,559	(51,991)	(0.45)
	748,943	2,169,587	481,649	1,687,938	2,562,349	69,816	73,277	NA
	1,636,562	2,257,976	1,039	2,256,938	0	(6,373)	103,607	18.67
	361,423	540,460	0	540,460	0	(63)	77,709	6.35
	119,106	870,483	800,905	69,577	802,217	7,858	2,749	NA
	58,906	1,840,000	1,385,686	454,313	3,574,556	81,166	76,357	NA
	61,520	6,014,645	4,771,853	1,242,792	9,413,385	110,241	(28,571)	(1.95)
	4,816,960	4,432,986	8,168,610	(3,735,624)	3,542,910	(583,485)	(653,060)	NA
	1,177,134	435,042	737	434,305	9,526	420	41,277	NA
	839,662	110,104	83	110,021	0	(1,228)	(1,228)	NA
	278,622	2,074,959	1,649,280	425,679	1,748,316	121,351	120,810	NA
	11,130	91,761	6,283	85,478	43,836	7,301	15,376	649.66
	1,008,551	62,260	29	62,231	0	(3,162)	(211,659)	(6.02)
	391,529	792,531	673,685	118,846	682,105	57,890	30,329	227.00
	963,392	853,051	804,201	48,851	505,377	(80,143)	(208,497)	NA
	407,851	355,973	135	355,837	0	(12,495)	(13,070)	NA
	596,099	36,265,217	31,574,319	4,690,897	104,165,647	164,738	674,493	NA
	579,379	791,126	496,654	294,472	27,971	(74,526)	(76,269)	(3.91)

No.	Code	Brief Name	Name of Company
39	960646	WHHK	Wistron Hong Kong Holding Limited
40	960649	WSMX	Service Management Solutions Mexico SA DE CV
41	960647	WSC	Wistron Investment (Sichuan) Co., Ltd.
42	960648	WCD	Wistron InfoComm (Chengdu) Co., Ltd.
43	960650	WSCO	Service Management Solutions Colombia S.A.S.
44	960651	WSCZ	SMS InfoComm (Czech) s.r.o.
45	960900	WYHQ	Wiwynn Corporation
46	960663	WCH	Wistron Mobile Solutions Corporation
47	960930	WYJP	Wiwynn Technology Service Japan, Inc.
48	960910	WYUDE	Wiwynn International Corporation
49	960668	WEDH	WiEDU Holding Co., Ltd.
50	960669	WEMY	WIEDU SDN. BHD.
51	960671	WCHK	WiseCap (Hong Kong) Limited
52	962000	WCHQ	Anwith Technology Corporation
53	960672	WRKS	Wistron InfoComm Technology Service (Kunshan) Co., Ltd.
54	960950	WYHK	Wiwynn Technology Service Hong Kong Limited
55	960960	WYKS	Wiwynn Technology Service KunShan Ltd.
56	960666	WSMY	SMS INFOCOMM (MALAYSIA) SDN. BHD.
57	960680	WEHK	WiEdu Hong Kong Limited
58	960681	WETW	WIEDU CORPORATION
59	960682	WESH	Weshtek Information Technology Services Co., Ltd., Shanghai
60	960690	WITT	Wistron InfoComm Technology (Texas) Corporation
61	960698	WDH	Wistron Digital Technology Holding Company
62	960695	WMH	Wistron Medical Tech Holding Company
63	960940	WYKR	Wiwynn Korea Ltd.
64	960697	WSTH	ANWITH SERVICE CO., LTD.
65	960696	WMT	Wistron Medical Technology Corporation
66	960692	ANC	Anwith Corporation
67	960700	WMCQ	Wistron Medical Tech (Chongqing) CO, LTD.
68	960667	WSCQ	SMS InfoComm(Chongqing) Co., Ltd.
69	960701	WSCL	SMS INFOCOMM CHILE SERVICIOS LIMITADA
70	960970	WYMY	WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD
71	960705	WTS	Wistron Technology Service (America) Corporation
72	960711	WMI	Wistron InfoComm Manufacturing (India) Private Limited
73	960712	WCCZ	Wistron InfoComm (Czech). s.r.o.
74	960714	WAC	Abilliant Corporation
75	960980	WYMX	Wiwynn Mexico S.A. de C.V.
76	960715	BTA	B Temia Asia Pte Ltd.
77	960713	WJC	Wistron Investment (Jiangsu)CO., Ltd.
78	960719	XTRKS	XTRONICS(Kunshan)Electronics Technology Co., Ltd

	Capital stock	Total assets	Total liabilities	Net Worth	Operating revenues	Operating income	Net profit (after-tax)	Earnings Per Share (in dollar)
	2,695,992	6,172,177	5	6,172,172	0	(103)	425,634	4.52
	57,945	355,550	404,087	(48,536)	537,789	30,239	27,107	0.73
	2,513,851	5,949,704	1,295	5,948,409	0	(22)	419,244	NA
	2,408,480	38,058,514	32,221,765	5,836,749	129,184,666	163,274	417,253	NA
	51,177	32,477	422	32,056	132,742	(4,596)	6,057	NA
	321,327	3,880,889	3,567,546	313,343	4,626,076	106,464	42,105	NA
	1,746,368	39,086,217	18,867,352	20,218,865	74,884,945	7,732,151	6,169,254	36.42
	602,120	588,252	49,024	539,228	556	(33,393)	(7,284)	(354.65)
	5,530	958,627	831,356	127,271	2,058,889	57,399	32,455	79,105.27
	50,882	28,287,893	23,023,576	5,264,317	122,325,661	264,441	52,288	0.30
	171,604	2,444	0	2,444	0	(28)	(276)	NA
	156,164	2,352	18	2,334	0	(260)	(249)	(0.01)
	226,183	197,153	0	197,153	0	(33)	3,350	NA
	10,000	104,004	96,132	7,872	236,457	11,727	10,258	11.68
	60,212	200,622	69,782	130,840	532,066	21,097	15,097	NA
	12,042	522,373	361,158	161,215	2,263,542	67,756	74,728	181.84
	9,292	394,646	338,192	56,455	594,395	16,773	12,925	NA
	33,760	2,001	87	1,913	0	(513)	(858)	(0.22)
	305,281	(142,552)	4	(142,556)	0	(6,721)	(30,648)	(2.71)
	65,000	37,435	216,590	(179,155)	108,696	(19,998)	(21,002)	(3.23)
	26,872	5,118	1,288	3,831	1,007	(2,814)	(2,801)	NA
	135,778	465,487	345,953	119,534	30,733	1,463	328	1.74
	678,730	820,037	812	819,226	0	(328)	109,405	1.61
	2,000,000	1,089,635	337	1,089,299	0	(179)	(169,409)	(0.85)
	2,610	186,860	118,415	68,445	568,067	16,347	12,639	622.41
	9,585	9,097	64	9,033	0	(181)	(181)	NA
	200,000	159,457	65,391	94,065	99,801	(24,817)	(59,196)	(2.96)
	22,580	40,086	16,031	24,055	38,784	(1,929)	(1,973)	(25.59)
	87,573	110,335	93,930	16,405	24,565	(29,754)	(33,632)	NA
	120,424	3,480,632	3,297,696	182,936	7,290,451	108,406	37,346	NA
	27,470	33,523	63,518	(29,994)	114,721	(3,121)	(14,080)	NA
	15,077	14,685	0	14,685	0	(205)	(205)	(0.07)
	10,537	31,764	19,036	12,728	48,944	2,331	999	37.57
	1,629,550	2,401,206	810,119	1,591,088	1,431	(38,773)	(20,236)	(0.06)
	879,595	8,476,476	5,738,129	2,738,348	24,533,191	519,816	316,694	NA
	1,000	873	15	858	0	(142)	(140)	(1.40)
	49,394	224,030	175,771	48,260	142,570	5,418	(1,145)	0.37
	80,641	89,666	56,040	33,625	5,788	(48,303)	(48,276)	(17.46)
	3,010,600	9,461,245	70,890	9,390,355	0	(123,840)	11,920	NA
	137,888	284,905	159,113	125,793	0	(13,144)	(12,561)	NA

8.1.2 Consolidated Financial Statements Covering Affiliated Enterprises

Please refer to the annual report (p.141-251)

8.1.3 Reports on Affiliations : None.**8.2 Private Placement Securities in the Most Recent Years** : None.**8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years** : None.**8.4 Other matters that require additional description** : None.

9. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one

9 | If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one

If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one : None.



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