



東捷資訊服務股份有限公司
Information Technology Total Services Corp.

www.itts.com.tw

Stock Code : 6697

2022 Annual Report

Printed on 12 May, 2023

I. The name, title, contact number, and email of the Company's spokesperson and acting spokesperson:

Spokesperson

Name: Lung-Chu Hung

Title: CFO

Tel.: (02)2655-2525

E-mail: finance@itts.com.tw

Acting spokesperson

Name: Chun-Hsu Chen

Title: COO

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II. Address and contact number of the head office, branch, and factory

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III. Name, address, website, and contact number of the stock transfer agency:

Name: Taishin Securities Co., Ltd.

Address: B1, No. 96, Section 1, Jianguo North Road, Taipei City

Tel.: (02) 2504-8125

Website: <https://www.tssco.com.tw/>

IV. Name of CPAs and name of CPA firm, address, website and contact number for the latest financial statements:

Name of CPA: Ping-Chun Chih/Tsung-Hsi Lai

Name of CPA firm: PricewaterhouseCoopers Taiwan

Address: 27F, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City

Tel.: (02) 2729-6666

Website: <https://www.pwc.com.tw>

V. Name of the overseas trading center where the securities are listed for trading and the method of querying the information of the overseas securities: None.

VI. Company website:

<http://www.itts.com.tw>

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Information Technology Total Services Co., Ltd.

Business report

Dear Shareholders,

The year 2022 has been a year of changes in the political and economic situation. Issues such as the Russo-Ukrainian War, inflation, global interest rate hike, China's zero-COVID policy, and carbon emissions, etc. have all had significant and long-term impacts on the structure of the supply chain and the overall economy and industry. Due to the impact of the global political and economic situation in 2022, Taiwan's economic growth has been revised downward successively since the outbreak of the Russo-Ukrainian War. The Chung-Hua Institution for Economic Research has estimated that Taiwan's economic growth rate in 2022 will continue to be revised downward to 3.04%. In the face of the drastic and changeable market situation in the post-pandemic era, the Company still stabilized its operation and demonstrated the power of digital services and professional consultation, and maintained a slight growth in revenue in 2022. For 2023, the Company will adhere to the mission of applying innovative and smart technologies to assist customers in sustainable operation and create a win-win situation for customers, and will make steady progress to secure business operation and continue to invest in R&D. In addition to continuing to develop existing markets and customers, we will assist companies in the application of digital sustainability and innovative technologies, focus on cloud services, financial security, AI, ESG solutions, and other applications, and explore market business opportunities to maintain the Company's competitive advantage and enhance market competitiveness. We will maintain prudence and optimism with anticipation for steady growth and achieving new heights in the post-pandemic era in 2023.

I. Review of 2022 Business Performance

The Company's business operations focused on two major areas in information outsourcing service and business process outsourcing service, to develop cloud, smart manufacturing, information security, ESG energy conservation, and sustainability solutions. For cloud solutions, great achievements have been made in the business expansion of SAP ERP private cloud solutions. The customer base has also broken away from the manufacturing industry, which used to be the bulk of the industry, and has become favored by large Internet technology service providers. In addition, the customer outsourcing service has also been improved. The Company promoted the cloud-based intelligent customer service system as a subscription service for flexible seats, which was recognized and adopted by 3C and retail customers of large multinational groups.

In addition to market expansion, in response to market needs such as digital transformation of smart factories and net zero ESG emissions, the Company actively does R&D and innovates to develop advanced scheduling management solutions for smart manufacturing, helping companies manage delivery deadlines and steadily increase production capacity to overcome the risk of supply chain shortages. In addition, to meet the needs of enterprises to achieve net zero carbon emissions and improve competitiveness, we have developed carbon asset management solutions that provide information such as corporate carbon emissions and product carbon footprints for dynamic and visual management, and assist enterprises with effective

carbon inventory, carbon right management, and planning for energy conservation and emission reduction, to achieve sustainable operations and improve profitability.

(I) Business Plan and Implementation

The Company’s net operating income in 2022 was NT\$1,330,274,000, which was a slight increase compared to 2021, with a gross margin of 14%. Net income after tax for 2022 was NT\$55,641,000, and earnings per share after tax was NT\$2.04.

Due to the change in business pattern, the revenue from business process outsourcing services in 2022 grew by 25% compared to the same period of last year, and the receivables turnover days were reduced from 159 days in 2021 to 142 days, thereby actively achieving financial control goals.

(II) Status of budget implementation

The Company did not publish its annual public financial forecast, so there is no information to compare the actual data and forecast.

(III) Revenue, expense, and profitability analysis

Item		Year	
		2022	2021
Financial structure	Debt to assets ratio	37.49	35.57
	Long-term capital to property, plant and equipment ratio (%)	1,713.92	1,832.36
Solvency	Current ratio	194.40	197.22
	Quick ratio	184.10	187.57
	Interest coverage ratio	122.42	104.02
Operating ability	Accounts receivable turnover days	142	159
	Inventory turnover days	3	8
Profitability	Return on assets (%)	6.46	8.16
	Return on shareholders’ equity (%)	10.10	13.44
	Operating income to paid-in capital ratio (%)	18.85	29.74
	Pre-tax profit to paid-in capital ratio (%)	24.13	31.71
	Net income after tax (%)	4.18	5.47
	Earnings per share (NTD)	2.04	2.65

(IV) Performance in research and development

1. Development of carbon asset management solutions

The system complies with carbon emission regulations. By connecting the upstream and downstream industry chains end-to-end, the comprehensive grasp of organizational carbon emissions and product carbon footprint can be combined with IoT technology to collect, record, and integrate factory equipment energy and system data for accurate monitoring of carbon emissions. The system implements dynamic and visual management of equipment energy consumption, organizational carbon emissions, and product carbon footprints, and integrates ERP, CRM, and other systems with process automation to assist

enterprises with effective carbon inventory, carbon right management, and energy conservation and emission reduction planning, and also assist enterprises in optimizing production processes, improving production efficiency, reducing costs, and creating a green and sustainable supply chain.

2. Complete the advanced schedule management solution

Provide the overall supply and demand planning of the enterprise and different levels of production planning and scheduling solutions. Combine real-time on-site production data, synchronize production management and production information, and automate scheduling to reduce labor time and labor costs, reduce error rates, and improve efficiency and fast processing. Control the delivery time and on-site production to facilitate smooth production-sales collaboration, satisfy customer orders, and make full use of limited corporate resources.

3. Complete the customer relationship management system

The system effectively grasps the needs of potential customers and business opportunities, and integrates pre-sales and after-sales closely through integration and automation to improve efficiency and increase the visibility of sales forecasts and orders. It also greatly reduces the time required for report compilation and analysis to effectively improve the competitiveness of the enterprise and profitability.

II. Overview of the business plan for 2023

For the global economy in 2023, GDP growth will be slower than last year. The World Bank forecasts that the global economic growth rate will drop to 1.7% in 2023, while the Directorate General of Budget, Accounting and Statistics, Executive Yuan forecasts that it will drop to 2.75% in 2023. The IDC report predicted that the IT expenditures will be focused on strategic measures that are critical to future business functions and needs. Manufacturing, banking, and retail will continue to be markets that deserve attention, and enterprises will focus on optimizing operating procedures and service experiences for IT budgets. The Company mainly focuses on smart factory investment to alleviate labor shortages and steadily increase production capacity. It will also focus on investment that helps it explore new markets and businesses, such as achieving net zero carbon emissions to highlight competitiveness. IDC has also observed that Taiwan's information and service industry is starting to invest in “as a service” to expand service capabilities. It is estimated that 30% of small and medium-sized enterprises worldwide will shift half of their core workloads to the cloud by 2025. In addition, with the development of remote work and the Internet of Things in the post-pandemic era, information security is a priority concern when faced with omnipresent malicious attacks. The National Institute of Cyber Security (NICE) in Taiwan is investing funds to prioritize the adoption of a zero-trust network for A-rank public organizations, and improving the defense depth and breadth of the Internet service network. The Company gets hold of the market trends and pulse to deepen collaboration relations with strategic partners in seizing opportunities, and at the same time, pays close

attention to and accommodating the trends and policies of the government, academia, and research institutes, and continues to explore market business opportunities.

(I) Business strategies and growth plans in FY2023:

The main products and services in the development plan include AI intelligent applications, system cloudification, financial security, and ESG solutions. The development strategies and plans are as follows:

- AI smart application: Master AI technology and develop AI solution applications such as smart factories, cloud-based smart customer services, and financial security to provide digitally optimized value-added services to customers.
- Smart cloud maintenance and repair services: In addition to maintaining cooperative relations with the three major international cloud service providers, in response to the need for cloud adoption of corporate customers, there is promotion of SAP ERP cloud solutions, cloud-based intelligent customer service, ESG cloud subscription solutions, sales of the Google Cloud Platform (GCP) and collaboration tools platform, and the cloud data backup platform solution.
- Financial assets: For customers in the financial industry, promote financial payment security solutions, including passwordless transaction identity authentication services and database encryption security solutions, and provide corporate information security consulting services.
- ESG Solution: Develop and promote the ESG solution - carbon asset management system, which enables enterprises to effectively manage organizational carbon emissions and product carbon footprints, and achieve the goals of energy conservation, carbon reduction, and sustainable operation through digital and real-time visual management.

(II) Outlook for the future

The Company is committed to assisting enterprises in their digital optimization and digital transformation. In response to the promotion of net zero carbon emission, ESG sustainability policies in various countries, the 2050 net zero emission plan, and the ESG business opportunities created by regulations, the Company's future development strategy is "digital transformation" and "ESG sustainability" to support the dual transformation of enterprises. The main recommendations are ERP upgrades and migration to the cloud, cloud platform services, financial security, AI applications, and ESG solutions. In addition to actively deepen customer and partner relationships, and reshape the Company's brand value, strengthen marketing and promotion, and expand industrial influence. Internally, continue to optimize information processes to improve operational efficiency, strengthen the performance reward system to encourage cross-department cooperation, establish a digital learning environment, and activate cloud, information security, and intelligent talents incubation programs to strengthen professional consulting service and technical capacity.

The management team of ITTS has the mission of "Using innovative and intelligent technology to assist customers in sustainable development and win-win results", and the core values of "professionalism, quality, and empathy" and "the customers' trust and

appointment is the value of the existence for ITTS”. We make good use of our professional and core competencies to assist customers in their dual transformation, and achieve digital sustainability. The business strategy for 2022 has built the foundation for our steady growth and gives us greater confidence to face more and more market changes. We are also able to identify new heights in the future and grasp future growth opportunities .

Chairman:

President:

Accounting Manager:

Two. Company Profile

I. Date of Incorporation: December 1, 1990.

II. Company History:

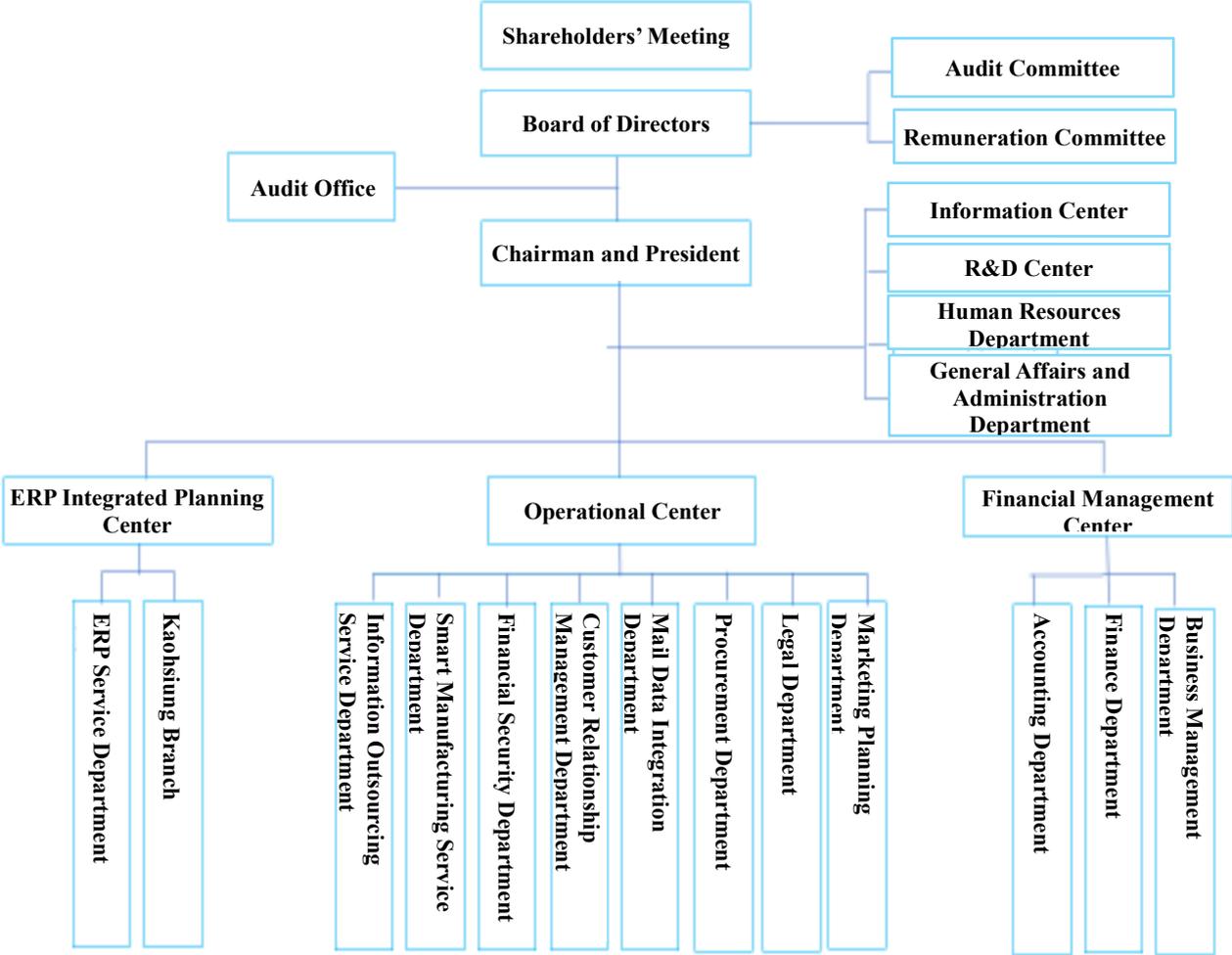
Year	Important Milestones
1990	Approved to be incorporated with a registered capital of NT\$40.5 million
2000	Established subsidiary Information Technology Total Services (BVI) Co., Ltd. Invested in subsidiary Universal Mail Service Ltd.
2001	Established subsidiary Unison Service Corporation Passed ISO 9001:2000 quality certification
2002	Became a BPO provider in Greater China Established the first subsidiary Information Technology (Hangzhou) Co., Ltd. in China
2003	Passed the SAP Customer Competence Center (SAP CCC) certification as the first company in Taiwan
2004	Established subsidiary Technology (Wuxi) Co., Ltd. in China
2006	Won the Best SAP Partner award Won the Best Product Award in the Call Center category of the 10th MIS Best Choice
2007	Passed ISO 27001:2005 information security certification (customer service centers) Established subsidiary Information Technology Total Service (Xiamen) in China
2008	Obtained registration for five service capabilities from the Industrial Development Bureau, Ministry of Economic Affairs
2010	Obtained ISO 27001:2005 information security certification
2011	Obtained SAP Partner Certification of Expertise (PCoE) certification Named SAP gold partner
2012	Worked with Yonyou Network Technology Co. Ltd. (Yonyou) and National Taipei University of Business to build a business intelligence research center
2013	Launched the PaaS service model for Microsoft Azure
2014	Obtained Yonyou's Taiwan Diamond-grade Distributor status
2015	Established a complete food traceability system from farm to table
2016	Obtained SAP Partner Certification of Expertise (PCoE) certification 2016 SAP Taiwan Partner of the Year Award MVP 2016 Greater China Best Success Factors Partner of the Year
2017	Won the 4th Mittelstand Award of the Ministry of Economic Affairs
2018	Stock listed on the emerging stock market for trading on September 26 (6697) Entered the new field of automotive components by means of new technology of ERP HANA Assisted business group clients in introducing CRM globally to improve customer business opportunities and service management Provided one-stop smart integrated services from smart factories to smart logistics based on professional experience in the electromechanical industry

Year	Important Milestones
2019	<p>Stock listed on the Taipei Exchange for trading on December 26 (6697)</p> <p>Conducted private placement of ordinary shares for NT\$147,444,000, with the paid-in capital amounting to NT\$273,233,000 after the capital increase</p> <p>Worked with Advantech to provide end-to-end smart factory services (from OT to IT) in the manufacturing industry</p> <p>Ranked among the top 5000 large enterprises in Taiwan</p> <p>Ranked 25th in the computer system integration service industry</p>
2020	<p>Officially launched the Kaohsiung office</p> <p>Introduced industry-leading smart logistics solutions, and officially unveiled the first AIoT communication and command center</p> <p>Won the SAP Innovation Awards for the smart equipment management platform</p> <p>Entered the construction industry by means of new FSM technology</p>
2021	<p>Became a GCP Partner in April</p> <p>Obtained the AI Application Capability Service Certificate from the Ministry of Economic Affairs</p> <p>Obtained the Information Security Service Certificate from the Ministry of Economic Affairs</p> <p>Obtained the Google Workspace (GWS) Authorized Reseller Qualification</p> <p>Won the 6th Taiwan Mittelstand Awards</p>
2022	<p>Received four certified items for Energy Registration as a Technological Service Organization of the Ministry of Economic Affairs</p> <p>Passed the SAP new-level partner rating</p> <p>Obtained SAP certification for the “S/4HANA Cloud automobile parts industry solution package”</p> <p>Won the “2022 CIO IT Manager Elite Vendor” award</p> <p>The Company was continuously ranked in the service industry in the “2000 Great Enterprise Survey” by CommonWealth Magazine</p>

Three. Corporate Governance Report

I. Organizational system

(I) Organizational structure



(II) Functions of Major Divisions

Major Divisions	Main Functions
Audit Office	<ol style="list-style-type: none"> 1. Objectively check whether the designed internal control system is effective and whether the system is implemented, so as to improve the organization's operation and enhance the overall value. 2. Assist organizations and managers to evaluate and improve risk management, internal control, and corporate governance to achieve organizational goals through systematic and disciplined methods.
ERP Integrated Planning Center	<ol style="list-style-type: none"> 1. Provide consulting services for ERP system introduction and relevant customized development. 2. Responsible for ERP system maintenance services. 3. Responsible for ERP system management, historical data archiving, remote backup, and version upgrade services. 4. On-site service management solutions.
Information Outsourcing Service Department	<p>Provide overall information outsourcing services as the main business, including</p> <ol style="list-style-type: none"> 1. Customized system planning and development services. 2. Enterprise network planning, construction, and maintenance services. 3. Information security product planning and introduction. 4. Software and hardware maintenance and consulting services for end-use equipment. 5. Cloud demand diagnosis, planning and establishment, cloud service management, off-site backup, cloud migration, and cloud platform system subscription services.
Customer Relationship Management Department	<ol style="list-style-type: none"> 1. Provide consulting services for the establishment of customer service centers. 2. Provide call center outbound call and answering services. 3. Provide telemarketing services.
Mail Data Integration Department	<ol style="list-style-type: none"> 1. Provide mail receipt and distribution management services. 2. Provide printing and sealing services for bills, invoices, and stock affairs documents. 3. Provide various graphic advertisement output services.
Smart Manufacturing Service Department	<ol style="list-style-type: none"> 1. Responsible for the planning and implementation of cross-departmental system solutions. 2. Provide system data analysis and business intelligence (BI) systems. 3. Provide smart logistics, smart factory solutions, and product planning services. 4. Provide supply chain management solutions and smart warehousing solutions.
Financial Security Department	<ol style="list-style-type: none"> 1. Information security testing and information security compliance services are provided. 2. Professional consulting services such as diversified information security assessment, planning, and protection covering prevention, monitoring, reinforcement, response, and investigation.
R&D Center	<ol style="list-style-type: none"> 1. Integrate company technologies and conduct product development. 2. Develop innovative service platforms.

Major Divisions	Main Functions
Information Center	<ol style="list-style-type: none"> 1. Responsible for the development and maintenance of internal information systems. 2. Responsible for internal network management and maintenance. 3. Responsible for the inquiry and processing of internal IT requirements.
Finance Department/Accounting Department	<ol style="list-style-type: none"> 1. Coordinate the Company's various financial and accounting matters. 2. Responsible for the evaluation of fund receipt and payment, financing, and other relevant matters. 3. Responsible for board meetings and stock affairs. 4. Establish and improve financial and accounting management operating systems.
Business Management Department	<ol style="list-style-type: none"> 1. Responsible for annual budget preparation and management. 2. Assist managers in evaluating and analyzing the performance of various departments. 3. Responsible for company-wide business logistics support activities.
Human Resources Department	<ol style="list-style-type: none"> 1. Responsible for personnel administration and salary management. 2. Responsible for company-wide personnel development management as well as education and training planning and implementation. 3. Responsible for the inspection of company-wide personnel skills and functions, and the establishment and management of a talent database.
General Affairs and Administration Department	<ol style="list-style-type: none"> 1. Responsible for company-wide general administration and management. 2. Responsible for managing the Company's fixed assets and landscaping.
Procurement Department	<ol style="list-style-type: none"> 1. Responsible for the execution of company-wide procurement procedures. 2. Supplier management.
Legal Department	<ol style="list-style-type: none"> 1. Reviewing, modifying, and managing corporate contracts. 2. Provides legal advice, legal opinions, and consultation on legal issues for customers and employees, and is responsible for formulating various types of legal documents for the Company.
Marketing Planning Department	<ol style="list-style-type: none"> 1. Responsible for company-wide business development and execution. 2. Responsible for inter-departmental communication and coordination to facilitate business progress. 3. Maintain customer relations and keep abreast of customer needs. 4. Organize or participate in exchange activities or exhibitions to expand the customer base. 5. Implement relevant marketing plans, increase media exposure, and enhance the Company's reputation.

II. Information on the Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Information on Directors

1. Names of directors (including independent directors) and supervisors, their major (academic) experience, and current positions held at the Company and other companies concurrently, term of office, and shareholdings

April 30, 2023/Unit: Share; %

Title	Nationality or place of registration	Name	Gender and age	Date of election (appointment)	Term of office	Date first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major (academic) experience	Concurrent position in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors, or supervisors			Notes
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	Republic of China	TECO Electric & Machinery Co., Ltd.	-	2021.7.30	3 years	1999.5.20	11,467,248	41.97	11,467,248	41.97	-	-	-	-	Graduate Institute of Management, National Taiwan University of Science and Technology	Chairman, Unison Service Corporation, Chairman, Universal Mail Service Ltd., etc.	-	-	-	Note 1
	Republic of China	Representative: Shang-Wei Kao	Male 61-70	2021.7.30	3 years	2006.3.14	417,591	1.53	428,591	1.57	40,000	0.15	-	-						
Director	Republic of China	TECO Electric & Machinery Co., Ltd.	-	2021.7.30	3 years	1999.5.20	11,467,248	41.97	11,467,248	41.97	-	-	-	-	Master of Business Administration, West Coast University, USA	Chairman, TECO Electric & Machinery Co., Ltd., Chairman, Taiwan Pelican Express Co., Ltd., etc.	-	-	-	
	Republic of China	Representative: Chwen-Jy Chiu	Female 61-70	2021.7.30	3 years	2005.6.30	32,000	0.12	32,000	0.12	-	-	-	-						
Director	Republic of China	TECO Electric & Machinery Co., Ltd.	-	2021.7.30	3 years	1999.5.20	11,467,248	41.97	11,467,248	41.97	-	-	-	-	Graduate Institute of Industrial Management, National Taiwan University of Science and Technology	Head of the Operation Management Team, Business Performance Planning Office of TECO Electric & Machinery Co., Ltd., concurrently as the Head of the Management Accounting Department	-	-	-	
	Republic of China	Representative: An-Ping Liu	Male 51-60	2021.7.30	3 years	2021.7.30	3,000	0.01	3,000	0.01	-	-	-	-						
Director	Republic of China	TECO Electric & Machinery Co., Ltd.	-	2021.7.30	3 years	1999.5.20	11,467,248	41.97	11,467,248	41.97	-	-	-	-	Ph.D., Industrial Engineering, Tunghai University	Assistant Vice President, AIM, TECO Electric & Machinery Co., Ltd.	-	-	-	
	Republic of China	Representative: Kuo-Min Chen	Male 51-60	2021.7.30	3 years	2021.7.30	-	-	-	-	-	-	-	-						
Director	Republic of China	Advantech Investment Co., Ltd.	-	2021.7.30	3 years	2021.7.30	5,084,273	18.61	5,084,273	18.61	-	-	-	-	Executive Master of Business Administration, National Chengchi University	Assistant Vice President, Advantech Co., Ltd.	-	-	-	
	Republic of China	Representative: Shih-Chang Lin	Male 41-50	2021.7.30	3 years	2021.7.30	-	-	-	-	-	-	-	-						

Title	Nationality or place of registration	Name	Gender and age	Date of election (appointment)	Term of office	Date first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major (academic) experience	Concurrent position in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors, or supervisors			Notes
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Director	Republic of China	Wen-Nan Chan	Male 51-60	2021.7.30	3 years	2021.7.30	-	-	-	-	-	-	-	-	Ph.D., Department of Information Management, National Central University	Independent Director, Chunghwa Precision Test Tech. Co., Ltd., Independent Director, Asolid Technology Co., Ltd., etc.	-	-	-	
Independent Director	Republic of China	Yi-Bing Lin	Male 51-60	2021.7.30	3 years	2018.9.18	-	-	-	-	-	-	-	-	Ph.D., Computer Science and Engineering, University of Washington (Seattle)	Professor, College of Artificial Intelligence, National Yang Ming Chiao Tung University	-	-	-	
Independent Director	Republic of China	Cheng-Kang Chen	Male 51-60	2021.7.30	3 years	2018.9.18	-	-	-	-	-	-	-	-	Ph.D., Industrial Engineering, Iowa State University	Professor, Department of Information Management, National Taiwan University of Science and Technology	-	-	-	
Independent Director	Republic of China	Jui-Tang Chang	Male 51-60	2021.7.30	3 years	2018.9.18	-	-	-	-	-	-	-	-	Ph.D., Accounting, Southern Illinois University	Professor, Department of Accounting, National Chung Hsing University, Independent Director at Optivision Technology Incorporation and Tamagawa Holdings Co., Ltd.	-	-	-	

Note 1: Mr. Shang-Wei Kao, Chairman of the Company, also serves as the President concurrently. This is mainly because the Chairman has been in the information industry for more than 30 years and is very familiar with the industry to which the Company belongs. In order to create the greatest value of the Company and give back to the shareholders, there is necessity for the Chairman and the President to be the same person; therefore, in order to strengthen the supervisory function of the board of directors, there are three independent directors on the board, and an Audit Committee has been established. Meanwhile, more than half of the directors are not serving as employees or managers concurrently. The Company is also actively training the Chief Operating Officer (COO). After the COO is familiar with the Company's relevant business, it is planned to have him take over as the President of the Company as appropriate to implement corporate governance as required.

2. Major shareholders of corporate shareholders

March 31, 2023

Name of corporate shareholder	Major shareholders of corporate shareholders
TECO Electric & Machinery Co., Ltd.	PJ Asset Management Co., Ltd. (17.45%), Walsin Lihwa Corporation (10.77%), Land Union Investment Limited (6.34%), Creative Sensor Inc. (3.62%), Heyuan International Investment Co., Ltd. (2.14%), Silchester International Investor's International Value Stock Trust Investment Account under the custody of HSBC Taiwan (2.11%), Dongguang Investment Co., Ltd. (1.50%), WGI Emerging Markets Smaller Companies Fund Investment Account under the custody of the HSBC Bank (Taiwan) Limited (1.44%), Investment Account of the Norges Bank under the custody of Citibank (Taiwan) (1.35%), and Guangyuan Industrial Co., Ltd. (1.25%)
Advantech Investment Co., Ltd.	Advantech Co., Ltd. (100%)

3. Major shareholders of corporate shareholders

March 31, 2023

Name of corporate shareholder	Major shareholders of corporate shareholders
PJ Assets Management Co., Ltd.	Ho Yuang Management Consulting Co., Ltd. (94.95%), others (5.05%)
Walsin Lihwa Co., Ltd.,	Winbond Electronics Corp. (6.63%), Chin Hsing Investment Co., Ltd. (6.63%), investment account of Likuo Royal Bank under the custody of Standard Chartered Bank (6.38%), TECO Electric & Machinery (5.64%), Rong Chiang Co., Ltd. (4.92%), Chiao You-hui (2.92%), Hua Li Investment Co., Ltd. (2.87%), Chiao You-heng (1.75%), Hung Pai-yung (1.39%), Chiao You-chi (1.38%)
Chia Yuan Investment Co., Ltd.	Ho Yuan International Investment Co., (99.89%), Chang Wei Management Consulting Co., Ltd. (0.11%)
Creative Sensor Inc.	Teco Image Systems (TIS) Co., Ltd. (19.39%), Universal Cement Corp. (8.83%), Tien Da Investment Co., Ltd. (8.26%) · Yu Jui Co., Ltd. (6.05%), Universal Cement Investment Co., Ltd. (6.04%), Tung An Investment Co., Ltd. (5.31%), Creative Sensor Inc. (treasury stock) (5.19%), Koryo Electronics Co., Ltd. (3.82%), TECO International Investment Co., Ltd. (3.56%), TECO Electric & Machinery (1.43%)
Ho Yuan International Investment Co., Ltd.	Tseng Shu-chuang (98%), Pai Shu-chen (2%)
Tung Kuang Investment Co., Ltd.	Kuang Yuan Industrial Co., Ltd. (39.28%), Huang LinHo-Huei (35.01%), Bright Lane Investment Limited (12.73%), Tong He Global Investment Co., Ltd. (6.00%), others (6.98%)
Kuang Yuan Industrial Co., Ltd.	Tung Kuang Investment Co., Ltd. (34.46%), Huang LinHo-Huei (51.58%), Bright Lane Investment Limited (10.0%), Tong He Global Investment Co., Ltd. (0.74%), others (3.22%)

Name of corporate shareholder	Major shareholders of corporate shareholders
Advantech Co., Ltd.	Asustek Computer Incorporation (13.25%), Kechen Investment Co., Ltd. (11.74%), Yanben Investment Co., Ltd. (11.60%), Ke-Chen Liu (3.62%), Advantech Foundation (2.87%), Chuanfei Investment Co., Ltd. (2.53%), Yung-Shun Chuang (2.26%), Yuan-Wang Partner Fund Limited Partnership Investment Account under the custody of HSBC Bank (Taiwan) Limited (1.93%), and Chunghwa Post Co., Ltd. (1.24%)

4. Disclosure of information on the professional qualifications of directors and the independence of independent directors

April 30, 2023

Qualifications Name	Professional qualifications and experience	Independence status	Number of public companies in which the director concurrently serves as an independent director
TECO Electric & Machinery Co., Ltd. Representative: Shang-Wei Kao	Mr. Shang-Wei Kao is the Chairman of the Company. He has worked at the Company for more than 20 years and has over 30 years of work experience in the information industry.	-	0
TECO Electric & Machinery Co., Ltd. Representative: Chwen-Jy Chiu	Ms. Chwen-Jy Chiu is the Chairwoman of TECO Electric & Machinery Co., Ltd. and has work experience in operations, management, financial accounting, and industry.	-	0
TECO Electric & Machinery Co., Ltd. Representative: An-Ping Liu	Mr. An-Ping Liu is the head of the Operation Management Team, Business Performance Planning Office of TECO Electric & Machinery Co., Ltd., and concurrently the head of the Management Accounting Department; he has relevant work experience in business, finance, and accounting.	-	0
TECO Electric & Machinery Co., Ltd. Representative: Kuo-Min Chen	Mr. Kuo-Min Chen is the assistant vice president of AIM, TECO Electric & Machinery Co., Ltd. and has the relevant work experience required to carry out the Company's business.	-	0
Advantech Investment Co., Ltd. Representative: Shih-Chang Lin	Mr. Shih-Chang Lin is the assistant vice president of Advantech Co., Ltd., used to be the COO of Throughtek Co., Ltd., and has relevant work experience required to carry out the Company's business.	-	0

Qualifications Name	Professional qualifications and experience	Independence status	Number of public companies in which the director concurrently serves as an independent director
Wen-Nan Chan	<p>Mr. Wen-Nan Chan used to be the Chairman of Elitegroup Computer Systems Co., Ltd., head of the Market Intelligence & Consulting Institute, Institute for Information Industry, and the Chairman of the Asia Pacific Industrial Analysis Association; he has the relevant work experience required to carry out the Company's business. Currently, he serves as an independent director at Chunghwa Precision Test Tech. Co., Ltd., Advanced Control & Systems Inc., and Partner Tech Corp.</p>	-	4
Yi-Bing Lin	<p>Mr. Yi-Bing Lin is a professor at the College of Artificial Intelligence, National Yang Ming Chiao Tung University, and used to be Deputy Minister of the Ministry of Science and Technology, and Vice Chairman of the National Science Council; he has the relevant work experience required to carry out the Company's business. Currently, he is also an Independent Director of Groundhog Technologies Inc.</p> <p>He also serves as the convener of the Company's Audit Committee, and it has been confirmed that he is not under any of the circumstances specified in the subparagraphs of Article 30 of the Company Act as per the independent directors declaration submitted at the time of nomination.</p>	<p>The Company inspected the independent directors' qualifications at the time of election to confirm that they are independent, and that the number of the Company's shares held by them, their spouses, and relatives within the second degree of kinship (or in the names of others) is zero.</p>	1
Cheng-Kang Chen	<p>Mr. Cheng-Kang Chen is a professor at the Department of Information Management, National Taiwan University of Science and Technology, and has worked at said department for more than 20 years; he has the relevant work experience required to carry out the Company's business. He also serves as a member of the Company's Audit Committee, and it has been confirmed that he is not under any of the circumstances specified in the subparagraphs of Article 30 of the Company Act as per the independent directors declaration submitted at the time of nomination.</p>	<p>The Company inspected the independent directors' qualifications at the time of election to confirm that they are independent, and that the number of the Company's shares held by them, their spouses, and relatives within the second degree of kinship (or in the names of others) is zero.</p>	0

Qualifications Name	Professional qualifications and experience	Independence status	Number of public companies in which the director concurrently serves as an independent director
Jui-Tang Chang	Mr. Jui-Tang Chang is a professor at the Department of Accounting, National Chung Hsing University, a former member of the Taipei Exchange Review committee as a financial accounting expert, and has extensive experience in financial accounting. Currently, he is also an independent director at Tamagawa Holdings Co., Ltd. He also serves as a member of the Company's Audit Committee, and it has been confirmed that he is not under any of the circumstances specified in the subparagraphs of Article 30 of the Company Act as per the independent directors declaration submitted at the time of nomination.	The Company inspected the independent directors' qualifications at the time of election to confirm that they are independent, and that the number of the Company's shares held by them, their spouses, and relatives within the second degree of kinship (or in the names of others) is zero.	1

5. Board diversity and independence:

(1) Board diversity:

The Company implements the board diversity policy. Members of the board of directors generally possess the knowledge, skills, and competence necessary to perform their duties. To strengthen the functions of the board of directors and achieve the ideal goal of corporate governance, the Corporate Governance Best Practice Principles has specified a diversity policy that directors concurrently serving as the Company's managers shall not exceed one third of the total number of directors, and the policy will be updated as per the board operations, operating models, and development needs, including but not limited to the following standards in two aspects:

- I. Basic conditions and values: Gender, age, nationality, culture, etc.
- II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The Company's current board diversity policy and its implementation are as follows:

Core elements of diversity Name of director	Basic composition			Professional background	Professional knowledge and skills							
	Gender	Nationality	Serving as an employee concurrently	Academic qualifications	Operational decision making	Accounting and financial analysis	Operational management	Risk management	Industrial knowledge	Global marketing	Leadership	Decision-making
TECO Electric & Machinery Co., Ltd. Representative: Shang-Wei Kao	Male	Republic of China	✓	Management	✓	✓	✓	✓	✓	✓	✓	✓
TECO Electric & Machinery Co., Ltd. Representative: Chwen-Jy Chiu	Female	Republic of China		Business administration	✓	✓	✓	✓	✓	✓	✓	✓

TECO Electric & Machinery Co., Ltd. Representative: An-Ping Liu	Male	Republic of China		Industrial management	✓	✓	✓	✓	✓	✓	✓	✓
TECO Electric & Machinery Co., Ltd. Representative: Kuo-Min Chen	Male	Republic of China		Industrial engineering	✓	✓	✓	✓	✓	✓	✓	✓
Advantech Investment Co., Ltd. Representative: Shih-Chang Lin	Male	Republic of China		Management administration	✓	✓	✓	✓	✓	✓	✓	✓
Wen-Nan Chan	Male	Republic of China		Information management	✓	✓	✓	✓	✓	✓	✓	✓
Yi-Bing Lin (Independent Director)	Male	Republic of China		Computer engineering	✓	✓	✓	✓	✓	✓	✓	✓
Cheng-Kang Chen (Independent Director)	Male	Republic of China		Industrial engineering	✓	✓	✓	✓	✓	✓	✓	✓
Jui-Tang Chang (Independent Director)	Male	Republic of China		Accounting	✓	✓	✓	✓	✓	✓	✓	✓

There are a total of nine directors (including three independent directors) on the Company's 12th board of directors. Each term lasts three years, and they may be re-elected. The three independent directors all serve for five years, and all independent directors should not serve for over three consecutive terms. The board members are all Taiwanese citizens, and there are three independent directors (accounting for 33%); one director who is also an employee (accounting for 11%); one female director (accounting for 11%).

Implementation of the board diversity policy and the complementarity principle is in alignment with and better than the standards specified in the Company's Corporate Governance Best Practice Principles. In the future, the board diversity policy will be updated as appropriate according to the operation of the board, the operating model, and the development needs, to ensure that board members generally possess the knowledge, skills, and qualities needed to perform their duties.

(2) Independence of the board:

There are a total of nine directors (including three independent directors) on the Company's 12th board of directors; among them, there are three independent directors (accounting for 33%); one director who also serves as a manager (accounting for 11%). The Company has checked the relevant information and declarations when the director and independent director candidates were nominated, and it has been confirmed that no directors are spouses or relatives within the second degree of kinship of one another.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

March 31, 2023

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major (academic) experience	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Notes
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
President	Republic of China	Shang-Wei Kao	Male	1999.09.01	428,591	1.57	40,000	0.15	-	-	Master's Degree, National Taiwan University of Science and Technology	Chairman, Unison Service Corporation, Chairman, Universal Mail Service Ltd., etc.	-	-	-	Note 1
Vice President	Republic of China	Chun-Hsu Chen	Male	2022.12.30	-	-	-	-	-	-	Master's Degree, Saint John's University	-	-	-	-	Note 4
Assistant Vice President	Republic of China	Hsin-Ying Chen	Female	2006.12.11	6,000	0.02	-	-	-	-	Bachelor's Degree, National Yunlin University of Science and Technology	Director, Unison Service Corporation and Director, Universal Mail Service Ltd.	-	-	-	
Assistant Vice President	Republic of China	Shih-Yang Lin	Male	2018.08.01	-	-	-	-	-	-	Bachelor's Degree, Chinese Culture University	Director, Universal Mail Service Ltd.	-	-	-	
Assistant Vice President	Republic of China	Chen-Ju Chen	Female	2022.12.01	-	-	-	-	-	-	Master's Degree, National Taiwan University of Science and Technology	-	-	-	-	
Assistant Vice President	Republic of China	Min-Chien Yu	Male	2022.12.01	-	-	-	-	-	-	Master's Degree, National Taiwan University of Science and Technology	Director, Universal Mail Service Ltd.	-	-	-	
Chief Financial Officer	Republic of China	Lung-Chu Hung	Female	2020.06.20	-	-	-	-	-	-	Master's Degree, National Chiao Tung University	Chief Financial Officer, TECO Electric & Machinery (Pte) Ltd. Singapore	-	-	-	

Note 1: Mr. Shang-Wei Kao, Chairman of the Company, also serves as the President concurrently. This is mainly because the Chairman has been in the information industry for more than 30 years and is very familiar with the industry to which the Company belongs. In order to create the greatest value of the Company and give back to the shareholders, there is necessity for the Chairman and the President to be the same person; therefore, in order to strengthen the supervisory function of the board of directors, there are three independent directors on the board, and an Audit Committee has been established. Meanwhile, more than half of the directors are not serving as employees or managers concurrently. The Company is also actively training the Chief Operating Officer (COO). After the COO is familiar with the Company's relevant business, it is planned to have him take over as the President of the Company as appropriate to implement corporate governance as required.

Note 2: Chun-Hsu Chen, Vice President, was newly-appointed on December 30, 2022.

Note 3: Vice President, Hsin-Cheng Liu, was reinstated on December 30, 2022. Assistant Vice President, Wei-Ting Cheng, resigned on July 8, 2022; Assistant Vice President, Huan-Yu Hsu, resigned on September 30, 2022.

(III) Remuneration of Directors, the President, and Vice Presidents in the Most Recent Year

1. Remuneration of Directors and Independent Directors

December 31, 2022/Unit: NTD thousand; %

Title	Name	Remuneration to directors								Sum of A, B, C, and D and the sum as a percentage of net income		Remuneration from concurrently servings as employees						Sum of A, B, C, D, E, F, and G and the sum as a percentage of net income		Remuneration from investees other than subsidiaries or the parent company		
		Remuneration (A)		Pension upon retirement (B)		Directors' remuneration (C)		Service expenses (D)				Salaries, bonuses, special allowances, etc. (E)		Pension upon retirement (F)		Employee compensation (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements			
Chairman	TECO Electric & Machinery Co., Ltd. Representative: Shang-Wei Kao	Total 6,750	Total 6,750	-	-	Total 1,730	Total 1,730	Total 145	Total 530	15.50	16.09	-	-	-	-	Total 600	-	Total 600	-	16.58	16.70	11,772
Director	TECO Electric & Machinery Co., Ltd. Representative: Chwen-Jy Chiu																					
Director	TECO Electric & Machinery Co., Ltd. Representative: An-Ping Liu																					
Director	TECO Electric & Machinery Co., Ltd. Representative: Kuo-Min Chen																					
Director	Advantech Investment Co., Ltd. Representative: Shih-Chang Lin																					
Director	Wen-Nan Chan																					
Independent Director	Yi-Bing Lin	-	-	-	-	Total 1,800	Total 1,800	Total 75	Total 75	3.37	3.37	-	-	-	-	-	-	-	-	3.37	3.37	-
Independent Director	Cheng-Kang Chen	-	-	-	-	Total 1,800	Total 1,800	Total 75	Total 75	3.37	3.37	-	-	-	-	-	-	-	-	3.37	3.37	-
Independent Director	Jui-Tang Chang	-	-	-	-	Total 1,800	Total 1,800	Total 75	Total 75	3.37	3.37	-	-	-	-	-	-	-	-	3.37	3.37	-

1. Specify the policy, system, standard, and structure of remuneration to the independent directors, the correlation between the amount of remuneration and the duties assumed, the risk, the time spent, and relevant factors:
The remuneration to the Company's directors and independent directors is determined as per the Articles of Incorporation while considering the Company's operating performance, the risks of future fluctuations in the industry, as well as the operational risks, transaction risks, and financial risks that the Company may face in future operations.

2. In addition to the disclosures in the table above, the remuneration of directors for providing services to any of all companies in the financial statements in the most recent year (e.g. as a consultant in a non-employee capacity): None.

Range of remuneration

Range of remuneration paid to directors	Name of director			
	Sum of A, B, C, and D		Sum of A, B, C, D, E, F, and G	
	The Company	All companies included in the financial statements H	The Company	All companies included in the financial statements I
Below NT\$1,000,000	Chwen-Jy Chiu (Note 1), An-Ping Liu (Note 1), Kuo-Min Chen (Note 1), Advantech Investment Co., Ltd., Wen-Nan Chan, Cheng-Kang Chen, Jui-Tang Chang	Chwen-Jy Chiu (Note 1), An-Ping Liu (Note 1), Kuo-Min Chen (Note 1), Advantech Investment Co., Ltd., Wen-Nan Chan, Cheng-Kang Chen, Jui-Tang Chang	Chwen-Jy Chiu (Note 1), An-Ping Liu (Note 1), Kuo-Min Chen (Note 1), Advantech Investment Co., Ltd., Wen-Nan Chan, Cheng-Kang Chen, Jui-Tang Chang	Chwen-Jy Chiu (Note 1), An-Ping Liu (Note 1), Kuo-Min Chen (Note 1), Advantech Investment Co., Ltd., Wen-Nan Chan, Cheng-Kang Chen, Jui-Tang Chang
NT\$1,000,000 (inclusive) – NT\$2,000,000 (non-inclusive)				
NT\$2,000,000 (inclusive) – NT\$3,500,000 (non-inclusive)				
NT\$3,500,000 (inclusive) – NT\$5,000,000 (non-inclusive)				
NT\$5,000,000 (inclusive) – NT\$10,000,000 (non-inclusive)	Shang-Wei Kao (Note 1)			
NT\$10,000,000 (inclusive) – NT\$15,000,000 (non-inclusive)				
NT\$15,000,000 (inclusive) – NT\$30,000,000 (non-inclusive)				
NT\$30,000,000 (inclusive) – NT\$50,000,000 (non-inclusive)				
NT\$50,000,000 (inclusive) – NT\$100,000,000 (non-inclusive)				
NT\$ 100,000,000 and above				
Total	9	9	9	9

Note 1: Legal representative of TECO Electric & Machinery Co., Ltd.

2. Remuneration to the President and Vice Presidents

December 31, 2022/Unit: NTD thousand

Title	Name	Salary (A)		Pension upon retirement (B)		Bonuses and special allowances (C)		Employees remuneration amount (D)				Sum of A, B, C, and D and as a percentage of net income (%)		Remuneration from investees other than subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Shang-Wei Kao													
Vice President	Chun-Hsu Chen	Total 2,198	Total 2,198	-	-	Total 626	Total 626	Total 760	-	Total 760	-	6.44	6.44	-
Vice President	Hsin-Cheng Liu													

Note: Chun-Hsu Chen, Vice President, was newly-appointed on 2022/12/30.

Range of remuneration

Breakdown of remuneration to President and Vice President	Name of the President and Vice Presidents	
	The Company	All companies included in the financial statements
Below NT\$1,000,000		
NT\$1,000,000 (inclusive) – NT\$2,000,000 (non-inclusive)		
NT\$2,000,000 (inclusive) – NT\$5,000,000 (non-inclusive)	Shang-Wei Kao, Hsin-Cheng Liu, Hsin-Ying Chen, Lung-Chu Hung	Shang-Wei Kao, Hsin-Cheng Liu, Hsin-Ying Chen, Lung-Chu Hung
NT\$3,500,000 (inclusive) – NT\$5,000,000 (non-inclusive)		
NT\$5,000,000 (inclusive) – NT\$10,000,000 (non-inclusive)		
NT\$10,000,000 (inclusive) – NT\$15,000,000 (non-inclusive)		
NT\$15,000,000 (inclusive) – NT\$30,000,000 (non-inclusive)		
NT\$30,000,000 (inclusive) – NT\$50,000,000 (non-inclusive)		
NT\$50,000,000 (inclusive) – NT\$100,000,000 (non-inclusive)		
NT\$ 100,000,000 and above		
Total	4	4

3. Name of managers who received employee compensation and the distribution situation in the most recent year

Unit: NTD thousand

Title	Name	Stock amount	Cash amount	Total	The sum as percentage of net income of 2022 (%)
President	Shang-Wei Kao	-	Total 960	Total 960	1.73%
Vice President	Chun-Hsu Chen				
Vice President	Hsin-Ying Chen				
Vice President	Lung-Chu Hung				
Assistant Vice President	Shih-Yang Lin				

Note: Chun-Hsu Chen, Vice President, was newly-appointed on 2022/12/30.

4. Analysis of the proportion of the total remuneration paid to directors, supervisors, the president, and vice presidents to the net income as in the parent only or individual financial statements in the most recent two years, as well as the remuneration policies, standards, and packages; the procedures for determining the remuneration, and their correlation with the business performance and future risks.

- (1) Proportion of the total remuneration paid to directors, supervisors, the president, and vice presidents to the net income in the most recent two years:

Unit: NTD thousand

Year	Remuneration paid to directors, supervisors, the president, and vice presidents	Total remuneration as a percentage of net income
2021	14,470	19.82%
2022	14,149	25.24%

- (2) Remuneration policies, standards, and packages; procedures for determining remuneration; their correlation with the business performance and future risks.

A. Remuneration policies, standards, and packages; procedures for determining remuneration

- a. Directors and supervisors: The remuneration of the Company's directors and supervisors is determined in accordance with the Company's Articles of Incorporation.
- b. President and Vice Presidents: The remuneration of the President and Vice Presidents includes salary, bonuses and employee compensation, and is determined based on their positions held, responsibilities assumed, and contribution to the Company while with reference to the usual payment level in the industry; the procedures for determining the remuneration are conducted according to the Company's Articles of Incorporation and the hierarchy of approval.

B. The correlation with business performance and future risks

The remuneration of the Company's directors, supervisors, president and vice presidents is based on the consideration of the Company's operating performance, the risks of future fluctuations in the industry, as well as the operational risks, transaction risks, and financial risks that the Company may face in the future operations.

III. Status of Corporate Governance

(I) Information on the operations of the board of directors

The Board of Directors convened 5 meetings in 2022. The attendance of directors is summarized as follows:

Title	Name	Actual attendance (times)	Attendance by proxy	Actual attendance (%)	Notes
Chairman	TECO Electric & Machinery Co., Ltd. Representative: Shang-Wei Kao	5	0	100%	Reelected on July 30, 2021
Director	TECO Electric & Machinery Co., Ltd. Representative: Chwen-Jy Chiu	5	0	100%	Reelected on July 30, 2021
Director	TECO Electric & Machinery Co., Ltd. Representative: An-Ping Liu	5	0	100%	Newly elected on July 30, 2021
Director	TECO Electric & Machinery Co., Ltd. Representative: Kuo-Min Chen	4	1	96%	Newly elected on July 30, 2021
Director	Advantech Investment Co., Ltd. Representative: Shih-Chang Lin	5	0	100%	Newly elected on July 30, 2021
Director	Wen-Nan Chan	5	0	100%	Newly elected on July 30, 2021
Independent Director	Yi-Bing Lin	5	0	100%	Reelected on July 30, 2021
Independent Director	Cheng-Kang Chen	5	0	100%	Reelected on July 30, 2021
Independent Director	Jui-Tang Chang	5	0	100%	Reelected on July 30, 2021

Additional disclosure:

I. For board of directors meetings that meet any of the following circumstances, specify the date, session, the content of the proposal, independent directors' opinions and the Company's response to such opinions:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to this annual report for the operations of the Audit Committee. All proposals were approved by all independent directors without objection.

(II) Except for the aforementioned matters, independent directors that had any dissenting or reserved opinions regarding other resolutions approved by the board of directors, for which there is a record or declaration in writing: None.

II. Disclosure regarding recusal for proposals involving conflicts of interest, including the names of directors concerned, the content of the proposal, reason for recusal, and the voting process:

The 8th meeting of the 12th board of directors (November 10, 2022)

Name of director: Yi-Bing Lin (Independent Director)

Proposal: To lift the non-competition restrictions upon the current directors.

Reasons for recusal and participation in voting: As Independent Director Yi-Bing Lin is concurrently an independent director for a company with similar business scope as the Company, he recused himself from the meeting temporarily due to conflicts of interests, and did not participate in the discussions and voting for this proposal.

Resolution: Except for independent directors Yi-Bing Lin who recused themselves due to conflicts of interest, the proposal was passed without objection by the remaining directors present after soliciting opinions by the chair.

III. The implementation status of the performance evaluation of the board of directors:

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2022 – December 31, 2022	The entire Board of Directors	Internal Self-Evaluation Questionnaire of the Board	The performance evaluation of the Board of Directors covers the following five major aspects and a total of 45 indicators are evaluated. A. Participation in the operation of the Company. B. Improvement of the quality of the Board of Directors' decision making.

				<p>C. Composition and structure of the Board of Directors.</p> <p>D. Election and continuing education of the Directors.</p> <p>E. Internal control.</p>
		Individual board members	Board Member Performance Self-Evaluation Questionnaire	<p>The self-evaluation of directors' performance includes six major aspects and a total of 23 indicators.</p> <p>A. Understanding of the goals and mission of the Company.</p> <p>B. Awareness of the duties of a director.</p> <p>C. Participation in the operation of the Company.</p> <p>D. Management of internal relationships and communication.</p> <p>E. The director's professionalism and continuing education.</p> <p>F. Internal control.</p>
		Functional committees (Audit Committee, Remuneration Committee)	Functional Committees Performance Self-Evaluation Questionnaire	<p>The performance evaluation of functional committees covers the following five aspects. The evaluation items of the Audit Committee and the Remuneration Committee include 22 indicators and 18 indicators, respectively.</p> <p>A. Participation in the operation of the Company.</p> <p>B. Awareness of functional committees' responsibilities.</p> <p>C. Functional committees' decision-making quality.</p> <p>D. Composition of functional committees and selection of members.</p> <p>E. Internal control.</p>

IV. Assessment of objectives and implementation status in the area of strengthening the powers of the board of directors for the current and most recent years:

(I) Enhancing powers of functional committees

The Company's board of directors established a Remuneration Committee on August 8, 2018, and an Audit Committee on September 18, 2018, to assist the board of directors in performing their supervisory duties. The Audit Committee is composed of all independent directors (three members), and the Remuneration Committee is composed of (three) independent directors appointed by the board of directors. The charter of each committee has been approved by the board of directors, and the committees regularly report their activities and resolutions to the board of directors.

(II) Enhancing board performance evaluation

To implement corporate governance, clearly define the performance targets, and improve the functions and operational efficiency of the board of directors. The Company passed the resolution at the 10th meeting of the 11th board of directors (December 26, 2019) to formulate the Rules of the Performance Evaluation of the Board of Directors which was amended at the 5th meeting of the 12th board of directors (March 18, 2022). Since 2020, we conduct the performance evaluation of the board of directors at the end of each year and submit the evaluation results to the board of directors for review and improvement.

(II) Information on the operations of the Audit Committee

The Company's Audit Committee was established on September 18, 2018, to replace the original supervisors. The members of the committee are composed of the independent directors of the board of directors (three members), with an independent director elected by all members as the convener and chair of the committee meetings. The operations are conducted in accordance with the Company's Audit Committee Charter. The matters that shall be reviewed by the committee include the Company's financial statements, the Company's auditing and accounting policies and procedures, the Company's internal control system, major asset or derivatives transactions, fundraising or issuance of securities, appointment, dismissal, or remuneration of certified public accountants, and appointment and dismissal of financial, accounting, or internal audit managers.

Major tasks of 2022:

1. Reviewed the financial statements

The 2021 annual financial statements (including the consolidated financial statements), which have been audited by Ping-Chun Chih and Ping-Chun Chih, CPAs at PwC Taiwan, the business report, and the earnings distribution statement prepared by the board of directors have been reviewed and approved by the 4th meeting of the 2nd Audit Committee (March 18, 2022), submitted to and approved by the 5th meeting of the 12th board of directors (March 18, 2022), and submitted to and ratified by the 2022 general shareholders' meeting (June 27, 2022).

2. Assessed the effectiveness of internal control

The Company evaluates the design and execution of its internal control system based on the criteria specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies to determine whether the existing system continues to be effective in 2021. The Company's internal control self-assessment was completed on December 21, 2021, and no major defects were discovered in the design and implementation of the internal control system. Our subsidiaries' internal control self-assessments were completed on December 21, 2021, and no major defects were discovered in the design and implementation of the internal control system. Therefore, the design and implementation of the Company's internal control system should be effective. After being reviewed and approved at the 4th meeting of the 2nd Audit Committee (March 18, 2022) and submitted to and approved by the 5th meeting of the 12th board of directors (March 18, 2022), the 2021 Statement on the Internal Control System was issued.

3. Operations of the Audit Committee

The Audit Committee held five (A) meetings during 2022; the attendance of independent directors is as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance (%) (B/A)	Notes
Convener and chair	Yi-Bing Lin	5	0	100%	Reelected on July 30, 2021
Committee member	Cheng-Kang Chen	5	0	100%	Reelected on July 30, 2021
Committee member	Jui-Tang Chang	5	0	100%	Reelected on July 30, 2021

Additional disclosure:

I. Where the operations of the Audit Committee meet any of the following circumstances, the minutes in question shall clearly state the meeting date, term, content of the proposal, independent directors' objections, reservations, or major suggestions, resolutions adopted by the Audit Committee, and the

Company's response to the Audit Committee's opinions.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act: The details are as follows.

(II) Except for the aforementioned matters, other resolutions not passed by the Audit Committee but approved by two-thirds of all directors: None.

Board of Directors	Content of proposal and subsequent response	Matters specified in Article 14-5 of the Securities and Exchange Act	Matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors
The 5th meeting of the 12th board of directors (March 18, 2022)	2021 Statement on the Internal Control System	V	-
	2021 Business Report and Financial Statements	V	-
	Distribution of earnings for 2021	V	-
	Proposal for partial amendments to the Procedures for Acquisition and Disposal of Assets	V	-
	Audit Committee's resolution result (March 18, 2022): All committee members present approved said proposals.		-
	The Company's response to the Audit Committee's opinion: All the directors present agreed to pass them.		-
The 6th meeting of the 12th board of directors (May 12, 2022)	Proposal for partial amendments to the "Operation Management Procedures for Loaning Funds to Others"	V	-
	Proposal for partial amendments to the "Management Procedures for Endorsements/Guarantees"	V	-
	Proposal for partial amendments to the "Procedures for the Prevention of Insider Trading."	V	-
	Audit Committee's resolution result (May 12, 2022): All committee members present approved said proposals.		
	The Company's response to the Audit Committee's opinion: All the directors present agreed to pass them.		
The 7th meeting of the 12th board of directors (August 11, 2022)	Consolidated financial statements for the second quarter of 2022	V	-
	The Company's back-offering of private placement common shares and listed on the OTC market	V	-
	Audit Committee's resolution result (August 11, 2022): All committee members present approved said proposals.		
	The Company's response to the Audit Committee's opinion: All the directors present agreed to pass them.		
The 8th meeting of the 12th board of directors (November 10, 2022)	Proposal for partial amendments to the "Procedures for Handling Material Inside Information."	V	-
	Appointment of Chief Internal Auditor of the Company	V	-
	Audit Committee's resolution result (November 10, 2022): All committee members present approved said proposals.		
The 9th meeting of the 12th	The Company's response to the Audit Committee's opinion: All the directors present agreed to pass them.		
	Approval of the 2023 audit plan	V	-
	The finalization of the Company's "Implementation Rules for Internal Audits"	V	-

board of directors (December 30, 2022)	Amendments to the Company's "Procedures for the Protection of Personal Information"	V	-
	Independence and competence of the Company's CPAs	V	-
	Proposal for appointment and remuneration of CPAs for 2023	V	-
	Audit Committee's resolution result (December 30, 2022): All committee members present approved said proposals.		
	The Company's response to the Audit Committee's opinion: All the directors present agreed to pass them.		

II. Where an independent director recused himself/herself due to a conflict of interest, specify the independent director's name, content of the proposal, reason for recusal, and the voting process: None.

III. Communication between independent directors and the internal audit officer and CPAs:

(I) Communication methods between independent directors and the internal audit officer and CPAs: The Company's independent directors have direct communication channels with the internal audit officer and CPAs; in accordance with the regulations of the competent authority, the independent directors regularly check the Company's financial and business conditions and communicate with the management and the governance units directly.

1. The Company's internal audit officer regularly reports on the internal audit at the quarterly Audit Committee meeting, and has fully communicated the execution status of the audit business, the deficiencies identified in the audit, improvement measures, the tracking status, and the effectiveness.

2. The Company's CPAs report on the results of the audit or review of the financial statements of the Company and its subsidiaries, and other matters required to be communicated as stipulated by relevant laws and regulations in the Audit Committee meeting after the completion of the semi-annual and annual audit and review of the financial statements.

(II) Summary of the communication between independent directors and CPAs:

Audit Committee	Matters communicated	Communication results
The 4th meeting of the 2nd Audit Committee (2022.3.18)	Reviewed the 2021 Business Report and Financial Statements	Deliberated, approved, and submitted to the board of directors for resolution.
The 5th meeting of the 2nd Audit Committee (2022.5.12)	Financial statements for the first quarter of 2022	Deliberated, approved, and submitted to the board of directors for resolution.
The 6th meeting of the 2nd Audit Committee (2022.8.11)	Financial statements for the second quarter of 2022	Deliberated, approved, and submitted to the board of directors for resolution.
The 7th meeting of the 2nd Audit Committee (2022.11.10)	Financial statements for the third quarter of 2022	Deliberated, approved, and submitted to the board of directors for resolution.

(III) Summary of the communication between independent directors and the internal audit officer:

Audit Committee	Matters communicated	Communication results
The 4th meeting of the 2nd Audit Committee (2022.3.18)	Internal audit report for the fourth quarter of 2021	Ratified.
	Review of the 2021 Statement on the Internal Control System.	Deliberated, approved, and submitted to the board of directors for resolution.
The 5th meeting of the 2nd Audit Committee (2022.5.12)	Internal audit report for the first quarter of 2022	Ratified.
The 6th meeting of the 2nd Audit Committee (2022.8.11)	Internal audit report for the second quarter of 2022	Ratified.
The 7th meeting of the 2nd Audit Committee (2022.11.10)	Internal audit report for the third quarter of 2022	Ratified.
The 8th meeting of the 2nd term (2022.12.30)	Review of the 2023 audit plan	Deliberated, approved, and submitted to the board of directors for resolution.

(III) Corporate governance implementation and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Assessment criteria	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Has the Company formulated and disclosed Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company's board of directors approved the formulation of the Company's Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies on May 8, 2019. The board of directors approved the third amendment to said principles on May 12, 2022, to be aligned with the development trend of corporate governance and in response to the development of social and international issues in recent years and disclosed it on the MOPS and the Company's website.	In compliance with the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
II. The Company's shareholding structure and shareholders' equity				
(I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	V		(I) In addition to entrusting a dedicated stock affairs agency to handle shareholder-related affairs, the Company has set up an investor service section on its official website and disclosed detailed information on points of contact (contact information of the spokesperson, acting spokesperson, and the dedicated personnel in charge of stock affairs), to handle shareholders' suggestions or disputes.	No major deviations.
(II) Does the Company keep abreast of the list of major shareholders and the ultimate controlling parties of such shareholders?	V		(II) The Company keeps abreast of the list of major shareholders and the ultimate controlling parties of such shareholders.	No major deviations.
(III) Has the Company established and implemented risk management and firewalls for companies it is affiliated with?	V		(III) The personnel, assets, and financial management rights and responsibilities between the Company and its affiliates are clearly defined, and the Company regularly audits its affiliates' accounts and internal control systems, to establish an appropriate risk control mechanism and firewalls.	No major deviations.
(IV) Has the Company established internal rules against insiders trading with undisclosed information?	V		(IV) The Company has established the Procedures for Handling Material Inside Information and Code of Ethical Conduct to prohibit its insiders from using undisclosed information on the market to buy and sell securities.	No major deviations.
III. Composition and responsibilities of the board of directors				

Assessment criteria	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(I) Has the board of directors formulated a diversity policy, set specific management goals and implemented them accordingly?	V		<p>(I) The Company implements the board diversity policy and specifies the board diversity policy in the Corporate Governance Best Practice Principles, including but not limited to the two major standards below:</p> <p>(1) Basic conditions and values: Gender, age, nationality, culture, etc.</p> <p>(2) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.</p> <p>Management goals: The composition of board member makeup shall be based on the diversity principle. Directors concurrently serving as the Company's managers shall not exceed one-third of the total directors, and a board diversity policy shall be formulated as per the board operations, operating models, and development needs.</p> <p>There are a total of nine directors (including three independent directors) on the 12th board of directors. Each term lasts three years, and they may be re-elected. Among them, one is a female director (11.11%); one director is also a manager (11.11%); and independent directors account for 33.33% of all directors (all three independent directors serve for five years).</p> <p>The board members are all leaders in industry and academia, with diverse and complementary industry experience and expertise in finance and accounting, in alignment with the management goals of the board diversity policy (please refer to the board diversity policy and its implementation on page 15). The board members actively participated in board meetings, with an individual attendance rate of 99.56% in 2022, to effectively supervise and understand the implementation of the Company's business plans.</p>	No major deviations.
(II) In addition to the Remuneration Committee and the Audit Committee set up in accordance with the law, has the Company voluntarily set up other functional committees?		V	<p>(II) The Company has set up two functional committees, the Remuneration Committee and the Audit Committee. In the future, the Company will evaluate the establishment of other functional committees based on actual operational needs to continuously improve the quality of corporate governance.</p>	The Company's Remuneration Committee and the Audit Committee exercise their powers and responsibilities in accordance with the law independently.

Assessment criteria	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Has the Company established a standard to measure the performance of the board of directors and implement it annually? Does the Company submit the results of the performance evaluation to the board of directors as reference in determining the remuneration of individual directors and nomination for re-election?	V		(III) To implement corporate governance, clearly define performance targets, and improve the functions and operational efficiency of the board of directors, the Company passed a resolution at the 10th meeting of the 11th board (December 26, 2019) to formulate the Rules of the Performance Evaluation of the Board of Directors in accordance with Article 37 of the Corporate Governance Best Practice Principles of Listed Companies. Since 2020, the Finance Department collects relevant information on board activities, distributes relevant self-evaluation questionnaires for board members to fill out, and submits the evaluation result report to the board of directors for review and improvement at the end of each year. An external professional independent organization or a team of external experts and scholars may be appointed every three years to conduct an evaluation of the implementation of the board performance evaluation and write an external evaluation and analysis report.	No major deviations.
(IV) Does the Company regularly assess the independence of CPAs?	V		(IV) The Company has discussed and approved the Certified Public Accountant Selection and Evaluation Regulations at the 10th meeting of the 11th board of directors (December 26, 2019). The Company's financial accounting unit conducts a preliminary assessment of CPAs' independence and competence, submits the results to the Audit Committee for review and approval, and then submits it to the board of directors for approval. The financial accounting unit assessed Ping-Chun Chih and Tsung-Hsi Lai, CPAs at PwC Taiwan, as per the Certified Public Accountant Assessment Checklist (Note 1), both of whom met the Company's criteria for independence and competence and were qualified to serve as the Company's CPAs. In the 16th meeting of the 11th board of directors (December 28, 2020), the 4th meeting of the 12th board of directors (December 28, 2021), and the 9th meeting of the 12th board of directors (December 30, 2022), the independence and competence of the CPAs was discussed and approved.	No major deviations.

Assessment criteria	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
IV. Does the Company have an appropriate number of qualified governance personnel and designate one chief corporate governance officer to oversee corporate governance affairs (including but not limited to providing the directors and supervisors with information needed to perform their duties, assisting the directors and supervisors with legal compliance, handling matters related to board meetings and shareholders' meetings according to laws, and preparing minutes of board and shareholders' meetings, etc.)?	V		The Company's concurrent corporate governance unit is the Finance Department, which is responsible for corporate governance-related matters. It provides the materials required by the directors to perform their duties from time to time and organizes a board meeting at least once a quarter and a general shareholders' meeting once a year in accordance with the law, convenes extraordinary shareholder meetings in accordance with the law when necessary, handles the registration of changes in the Company's affairs, prepares minute of board meetings and shareholders' meetings, makes announcements and declarations in accordance with the regulations of the competent authority, and raises employees' awareness of the Company's ethical corporate management philosophy and the laws and regulations and matters requiring attention related to insider equity from time to time.	No major deviations.
V. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers), set up a dedicated area for stakeholders on the Company's website, and respond to important corporate social responsibility issues that stakeholders are concerned about appropriately?	V		The Company's has set up a dedicated area for stakeholders on its website; there are communication channels and points of contact to listen to stakeholders' needs, and the issues collected will be responded to and tracked according to individual conditions.	No major deviations.
VI. Does the Company appoint a professional stock affairs agency to handle the affairs of shareholders' meetings?	V		The Company appoints a professional stock affairs agency to handle the affairs of shareholders' meetings. Stock affairs agency: Stock Transfer Agency Department, Taishin Securities (Tel.: 02-25048125; address: B1, No. 96, Section 1, Jianguo North Road, Taipei City)	No major deviations.
VII. Public Disclosure of Information (I) Has the Company set up a website to disclose financial business and corporate governance information? (II) Does the Company adopt other means for disclosure (such as setting up an English website, appointing personnel to collect and disclose relevant information, properly implementing a spokesperson system, and placing the process of investor conferences on the website)? (III) Does the Company publicly announce and file the annual financial statements within two months after the end of each fiscal year and announce and file the financial statements for the first, second, and third quarters and the monthly operation status prior to the specified deadline?	V V V		(I) The Company has set up a website to disclose financial business and corporate governance information. The Company's website is: www.itts.com.tw . (II) The Company has established a spokesperson and an acting spokesperson, and dedicated personnel to be responsible for the collection and disclosure of the Company's information so as to implement the spokesperson system. (III) The Company announces and files its annual financial statements (within three months), and announces and files the financial statements for the first, second, and third quarters (within 45 days) and the monthly operation status (before the 10th day of each month) before the deadline specified under Article 36 of the Securities and Exchange Act. The 2022 financial statements have been announced and filed on March 9, 2023.	No major deviations. No major deviations. There are some slight differences from the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and it still complies with the requirements of the Securities and Exchange Act.
VIII. Does the Company have other important information to facilitate better understanding of its corporate governance operations (including but not	V		1. In order to protect employees' rights and interests, the Company holds regular meetings to facilitate labor-management communication.	No major deviations.

Assessment criteria	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?			<p>Regarding investor relations, the Company discloses its important operational information regularly, continues to improve the transparency of the Company's information, and has established a feedback mechanism for investors to put forth relevant suggestions for the Company's development, so that investors can keep abreast of the Company's operations and development plans.</p> <p>2. The Company has established an Employee Welfare Committee to provide various benefit measures and plan a series of family care and employee care policies to help them improve their family relationships, and enhance personal health and abilities, thereby improving their work performance.</p> <p>3. The attendance of the Company's directors at the board of directors meetings is high, and the average attendance rate per person (excluding attendance by proxy) in 2022 reached 99.56%.</p> <p>4. All directors met the requirements for the training hours under the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies and received a total of 58 hours of training in 2022.</p> <p>5. The Company purchases liability insurance for all directors during their term in office within the scope of business in order to reduce and disperse the risk of major damage on the Company and its shareholders due to errors or negligence. The Company reported on the insured amount (US\$5 million), coverage (all directors), and insurance period of directors' liability insurance at the 8th meeting of the 12th Board of Directors (November 10, 2022).</p>	
IX. Please specify the status of the improvements made based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures for any issues that are yet to be rectified.	V		<p>1. As per the results of the 9th Corporate Governance Evaluation released in the most recent year (2022), the Company ranked among the top 66% to 80% of the companies listed on the Taipei Exchange.</p> <p>2. Improvements and priorities and measures:</p> <p>(1) Planning to set up functional committees other than those required by law.</p> <p>(2) A Head of Corporate Governance will be appointed in 2023.</p>	No major deviations.

Note 1: Certified Public Accountant Assessment Checklist

I. Independence review			
	Assessment content	Assessment results	Compliance of independence
1	Has the CPA, the spouse, or a minor child thereof invested in the Company or shared financial gains therewith?	No	✓
2	Has the CPA, the spouse, or a minor child thereof lent or borrowed funds to or from the Company? However, this does not apply if the client is a financial institution and the borrowing or lending is part of a normal business relationship.	No	✓
3	Has the CPA or members of the audit team thereof served as a director, manager, or a position with a material impact on the Company's audit case currently or within the last two years?	No	✓
4	Has the CPA or members of the audit team thereof advertised or brokered shares or other securities issued by the Company?	No	✓
5	Has the CPA or members of the audit team thereof represented the Company in the defense of legal cases or other disputes with third parties in addition to the business authorized by law?	No	✓
6	Is the CPA or any member of the audit team thereof a spouse, lineal relative, lineal relative by marriage or relative within the second degree of kinship of any of the Company's directors, managers, or persons with a material impact on the audit case?	No	✓
7	Have any of the other practicing CPAs at the same firm who resigned within one year served as the Company's director, manager, or a position with a material impact on the audit case?	No	✓
8	Has the CPA or members of the audit team received gifts or special offers of significant value from the Company or its directors, managers, or major shareholders?	No	✓
9	Is the CPA currently employed by the client or a party under investigation to do a regular job with a fixed salary or serve as a director or supervisor?	No	✓
II. Review of independence			
	Assessment content	Assessment results	Compliance of independence
1	Has the CPA been accused from projects with a direct or significant indirect interest in an audit project which affect the impartiality and independence thereof?	Yes	✓
2	When auditing or reviewing or performing an ad hoc review of the financial statements and rendering an opinion, does the CPA maintain nominal independence in addition to substantive independence?	Yes	✓
3	Do members of the audit team, other practicing CPAs at the same CPA firm, or shareholders of the same CPA firm, accounting firm, firms affiliated or associated with the CPA firm also maintain independence from the Company?	Yes	✓
4	Does the CPA perform professional services with integrity and a meticulous attitude?	Yes	✓
5	Does the CPA maintain a fair and objective position when performing professional services without the professional judgment thereof affected by prejudice, conflicts of interest, or interests?	Yes	✓

(IV) Information on the Remuneration Committee members

1. Information on the Remuneration Committee members

Qualifications		Professional qualifications and experience	Independence status	Number of other public companies where a concurrent position as Remuneration Committee member is served
Identity	Name			
Independent Director	Yi-Bing Lin	Mr. Yi-Bing Lin is a professor at the College of Artificial Intelligence, National Yang Ming Chiao Tung University, and used to be Deputy Minister of the Ministry of Science and Technology, and Vice Chairman of the National Science Council; he has the relevant work experience required to carry out the Company's business. Currently, he is also an Independent Director of Groundhog Technologies Inc. He also serves as the convener of the Company's Audit Committee, and it has been confirmed that he is not under any of the circumstances specified in the subparagraphs of Article 30 of the Company Act as per the independent directors declaration submitted at the time of nomination.	The Company inspected the independent directors' qualifications at the time of election to confirm that they are independent, and that the number of the Company's shares held by them, their spouses, and relatives within the second degree of kinship (or in the names of others) is zero.	1
Independent Director (Convener)	Cheng-Kang Chen	Mr. Cheng-Kang Chen is a professor at the Department of Information Management, National Taiwan University of Science and Technology, and has worked at said department for more than 20 years; he has the relevant work experience required to carry out the Company's business. He also serves as a member of the Company's Audit Committee, and it has been confirmed that he is not under any of the circumstances specified in the subparagraphs of Article 30 of the Company Act as per the independent directors declaration submitted at the time of nomination.	The Company inspected the independent directors' qualifications at the time of election to confirm that they are independent, and that the number of the Company's shares held by them, their spouses, and relatives within the second degree of kinship (or in the names of others) is zero.	0
Independent Director	Jui-Tang Chang	Mr. Jui-Tang Chang is a professor at the Department of Accounting, National Chung Hsing University, a former member of the Taipei Exchange Review committee as a financial accounting expert, and has extensive experience in financial accounting. Currently, he is also an independent director at Tamagawa Holdings Co., Ltd. He also serves as a member of the Company's Audit Committee, and it has been confirmed that he is not under any of the circumstances specified in the subparagraphs of Article 30 of the Company Act as per the independent directors declaration submitted at the time of nomination.	The Company inspected the independent directors' qualifications at the time of election to confirm that they are independent, and that the number of the Company's shares held by them, their spouses, and relatives within the second degree of kinship (or in the names of others) is zero.	1

2. Responsibilities of the Remuneration Committee

The Remuneration Committee is responsible for evaluating the remuneration policy and system of the Company's directors and managers in a professional and objective manner while performing the duty of care as a good manager. It convenes at least two meetings a year and may hold meetings at any time as needed, to make suggestions to the board of directors as a reference during its decision-making process.

(1) Responsibilities of the Company's Remuneration Committee

- A. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managers.
- B. Periodically evaluate and prescribe the remuneration of directors and managers.

(2) When the Remuneration Committee performs its duties and exercises its powers, it shall proceed as per the standards below:

- A. With respect to the performance assessment and remuneration of directors and managers of the Company, it shall refer to the typical pay levels adopted in the industry, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risks.

- B. Directors and managers shall not to engage in behavior beyond the risk tolerance level of the Company for the purpose of pursuing remuneration.
- C. With respect to the time to distribute bonus in proportion to the short-term performance of directors and senior managers, or remuneration that is partially variable, the Company shall consider the characteristics of the industry and the nature of its business to decide the proper time to pay.

3. Information on the operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of three members.
- (2) The term of office of the current members: From July 30, 2021 to July 29, 2024.
The Remuneration Committee met twice (A) in 2022, and the qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance (%) (B/A) (Note)	Notes
Convener and chair	Cheng-Kang Chen	2	0	100%	Reelected on July 30, 2021
Committee member	Jui-Tang Chang	2	0	100%	Reelected on July 30, 2021
Committee member	Yi-Bing Lin	2	0	100%	Reelected on July 30, 2021

Additional disclosure:

- I. If the board of directors did not adopt or amended the Remuneration Committee's suggestions, please specify the meeting date, term, content of the proposal, resolution of the board of directors, and the Company's response to the Remuneration Committee's opinions: None.
- II. For the resolutions of the Remuneration Committee, if any member expressed objections or had reservations, then the Remuneration Committee meeting's date, term, content of the proposal, opinions of its members, and the handling of the opinions shall be indicated: None.
- III. The major matters communicated and the summary of the resolutions in 2022 are as follows:

Date	Major matters communicated	Communication results
The 2nd meeting of the 3rd term (March 18, 2022)	Results of the 2021 year-end bonuses and performance bonuses to be distributed to managers	Ratified.
	Proposal for distribution of 2021 employee compensation and remuneration of the directors	Deliberated, approved, and submitted to the board of directors for resolution.
The 3rd meeting of the 3rd term (December 30, 2022)	Report on distribution of 2021 employee compensation to managers.	Ratified.
	Proposal for distribution of the 2022 year-end bonuses	Ratified.
	Suggestion on the remuneration of Chun-Hsu Chen, Vice President of the Company's Operation Center .	Deliberated, approved, and submitted to the board of directors for resolution.

(V) Promotion of sustainable development and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Assessment criteria	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
I. Has the Company established a governance framework for the promotion of sustainable development and a dedicated (or concurrent) unit to promote sustainable development, and has the board of directors authorized the senior management to handle matters, and does the board of directors supervise the implementation?		V	Although the Company has not set up a dedicated unit to promote sustainable development, it is still committed to the implementation of corporate social responsibility.	We will proceed in accordance with relevant laws and regulations when there are legal requirement or practical needs.
II. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operations and establish relevant risk management policies or strategies based on the principle of materiality?	V		The Company formulates annual business strategies and management guidelines at regular internal management meetings based on the characteristics of the Company's industry, social conditions, sustainable development trends, and domestic and international competitors' actions, and we supervise each operating unit through regular internal management meetings and the annual self-evaluation work to reduce the impact of risks on the Company.	No major deviations.
III. Environmental issues				
(I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	V		(I) The Company's environmental management is handled in accordance with relevant laws and regulations as well as the policies launched by government agencies.	No major deviations.
(II) Does the Company endeavor to upgrade the efficiency of energy use and use environmentally-friendly materials?	V		(II) We actively implement various energy reduction measures and select equipment with high energy efficiency and energy-efficient designs to reduce the energy consumption of our business operations and products. The Company has adopted an electronic approval process for some forms. Through paperless management, the amount of paper used is reduced so as to achieve the purpose of energy conservation, carbon reduction, and greenhouse gas reduction.	No major deviations.
(III) Has the Company evaluated the potential risks and opportunities arising from climate change now and in the future and taken relevant countermeasures?	V		(III) The Company has adopted LED lights for the lighting in all offices, set up waste battery recycling bins, and conducts waste sorting to recycle resources, so as to save energy and reduce carbon emissions while alleviating the impact of operating activities on climate change.	No major deviations.
(IV) Has the Company made statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulated policies for greenhouse gas reduction, water reduction, or other waste management?		V	(IV) The Company is not in the manufacturing industry, so it does not have statistics on relevant data, but it reviews water and electricity consumption regularly, while adopting electronic forms to reduce paper consumption, implementing waste sorting to recycle resources, and continuing to promote environmental protection and energy conservation and carbon reduction.	In the future, the Company will formulate relevant policies according to the needs.
IV. Social issues				

Assessment criteria	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and the International Bill of Human Rights?	V		(I) To fulfill our corporate social responsibility and protect the basic human rights of all our employees and stakeholders, we, following the United Nations Universal Declaration of Human Rights and other international conventions, implement human rights protection work in alignment with the spirit and principles of these conventions, including prohibiting any form of sexual harassment, discrimination, and threats of violence; ensuring that our employment policy is non-discriminatory and prohibits child labor; offering a fair and reasonable salary system; providing a safe and healthy work environment, implementing human rights protection, and complying with the local labor laws and regulations where the Company is located.	No major deviations.
(II) Has the Company established and implemented proper employee benefit measures (including salary, leave, and other benefits) and does it reflect the corporate business performance or achievements in the employee remuneration?	V		(II) The Company has set up a welfare committee, and has set out policies for benefits, including reasonable salary and remuneration and employee leave, and a well-defined and effective reward and punishment system. Performance management is implemented through a performance evaluation system, and the evaluation results are used as the basis for salary adjustment or the distribution of bonuses.	No major deviations.
(III) Does the Company provide employees with a safe and healthy work environment, and provide employees with regular safety and health education?	V		(III) The Company provides a spacious, excellent, and safe work environment with sufficient lighting, and organizes employee health examination regularly.	No major deviations.
(IV) Has the Company established an effective career development and training program for employees?	V		(IV) The Company has planned complete competence training for managers and employees at all levels, including new employee training, professional advanced training, supervisor training, and external training courses required for work, to help our employees continue to learn and grow through diverse learning methods. In regular performance interviews, supervisors and employees discuss and set out individual annual work development plans and goals and regularly review the plans and provide feedback, to help them formulate the most suitable development plans.	No major deviations.
(V) Does the Company comply with relevant laws and international standards with regard to customers' health, safety and privacy, marketing, and labeling for its products and services and has it established relevant policies and complaint procedures to protect customers' rights?	V		(V) The Company has set up a dedicated section for stakeholders and a channel for complaints and messages from the general public on its website. Any opinions or needs can be sent to the head of the human resources unit through a service hotline, website, or e-mail, and personnel of relevant units will actively understand the issues and respond appropriately.	No major deviations.

Assessment criteria	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
(VI) Has the Company established a supplier management policy that requires suppliers to comply with relevant regulations on issues of environmental protection, occupational safety and health, or labor rights. What is the status of its implementation?		V	(VI) The Company has not yet formulated relevant provisions for supplier management but will assess whether a supplier has a record of impacting the environment and society before doing business with it as appropriate, and will avoid doing business with any parties who are in conflict with the Company's corporate social responsibility policy in accordance with the Company's Sustainable Development Best Practice Principles.	No major deviations.
V. Has the Company stipulated standards or guidelines for the preparation of reports according to internationally accepted reports, and does it prepare sustainability reports and other reports for disclosing non-financial information of the Company? Are the aforesaid reports assured or certified by a third-party verification agency?		V	The Company does not prepare a sustainability report but has established a corporate social responsibility section on its website to disclose relevant information.	We will proceed in accordance with relevant laws and regulations when there are legal requirement or practical needs.
VI. Where a company has established its own Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please specify the difference between its operations and the principles formulated: The Company has established its own Sustainable Development Best Practice Principles, and there are no significant differences between the internal operations and what is stipulated in the principles.				
VII. Other important information that facilitates the understanding of the promotion of sustainable development: The Company operates in accordance with laws and regulations and discloses relevant information on its official website: https://www.itts.com.tw/zh-tw/csr/csr-implementation .				

(VI) Implementation of ethical management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof

Assessment criteria	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
<p>I. Establishment of the ethical management policy and program</p> <p>(I) Has the Company formulated an ethical management policy approved by the board of directors and clearly indicated the ethical management policy and practice in rules and external documents? Are the board of directors and the senior management committed to implementing said policy actively?</p>	V		<p>(I) The Company adheres to the concept of sustainable development, and the board of director has formulated the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct, both of which have been disclosed on the Company's website.</p> <p>The board of directors approved the formulation the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct on August 8, 2018, and the amendments to the Ethical Corporate Management Best Practice Principles on August 13, 2019, for board members, the management, and employees to follow. The regulations are announced and promoted inside the Company, and the board of directors and the management are committed to putting them into practice actively.</p>	No major deviations.
<p>(II) Has the Company established a risk assessment mechanism against unethical conduct, does it analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and has it established a prevention program accordingly with the inclusion of the preventive measures against each behavior specified in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p>	V		<p>(II) The board of directors, on August 13, 2019, passed a resolution to amend the Ethical Corporate Management Best Practice Principles, which clearly set out a business activity evaluation mechanism for the risk of unethical conduct, covering the preventive measures for the conduct under Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies (1. Offering and accepting bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorships. 4. Offering or accepting unreasonable presents, hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.). In addition, the Company has formulated the Procedures for Ethical Management and Guidelines for Conduct to strengthen relevant preventive measures, while encouraging internal and external personnel to report unethical conduct or improper behavior to implement ethical management and ensure whistleblowers' and counterparties' legitimate rights and interests.</p>	No major deviations.

Assessment criteria	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Has the Company specified the operating procedures, behavior guidelines, disciplinary actions for violation, and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company review and modify the program mentioned above regularly?	V		(III) On the Procedures for Ethical Management and Guidelines for Conduct of the Company, its establishment was approved by board resolution on August 8, 2018, its first amendment was approved by the board meeting on May 12, 2022. The Procedures clearly stipulate that employees may not directly or indirectly offer, promise, request, or accept any illegitimate benefits, nor commit other unethical acts, such as breach of good faith, illegality, or breach of fiduciary duty, to obtain or maintain interests. We also offer education and training to enable our directors, managers, and employees to understand the details and duly comply with the rules. For violations of the Company's ethics and integrity policy, regardless of job titles, the Company will take disciplinary actions in accordance with the Employee Reward and Punishment Measures, and employees are provided with channels for complaints to deal with opinions of unfair and unreasonable treatment.	No major deviations.
II. Implementation of ethical corporate management (I) Does the Company assess counterparties' records of ethical conduct and specify ethical conduct clauses in the contracts it signs with counterparties?	V		(I) The Company's Ethical Corporate Management Best Practice Principles clearly state that it shall avoid engaging in business transactions with agents, suppliers, customers, or other counterparties who do not operate in good faith. If any business counterparty or partner is found to have unethical conduct, the Company's employees shall stop doing business with them immediately and blacklist them in order to implement the Company's ethical corporate management policy.	No major deviations.
(II) Has the Company established a dedicated unit under the board of directors to promote ethical corporate management and to report on the ethical management policy, prevention program of unethical conduct, and status of supervision to the board of directors regularly (at least once a year)?	V		(II) The Company's Human Resource Department is a concurrent unit in charge of ethical corporate management and works to raise the board of directors' and internal personnels' awareness of this policy from time to time, and the audit unit regularly reports on the status of supervision of the implementation to the board of directors.	No major deviations.
(III) Has the Company formulated policies to prevent conflicts of interest, and does it provide appropriate channels for opinions and implement them accordingly?	V		(III) The Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct clearly define the conflict of interest policies and the circumstances/criteria for conflicts, and require relevant personnel to recuse themselves when a conflict of interest occurs while requesting relevant personnel to proactively and fully inform their supervisors and the top-level manager in human resources, or the board of directors when they are aware of or face similar circumstances.	No major deviations.

Assessment criteria	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
(IV) Has the Company established an effective accounting system and internal control system to implement ethical management and drafted relevant audit plans based on the risk assessment results of unethical conduct by the internal audit unit? Is the compliance of the prevention program for unethical conduct audited accordingly by the internal audit unit or CPAs appointed?	V		(IV) To ensure the implementation of ethical management and ensure the correctness of accounting and financial processes and the effectiveness of internal control, the Company has set up the Audit Committee to supervise the Financial and Management Center during the management of financial risks in real time. The Audit Office considers five elements of compliance and internal control and puts forth an audit plan for the following year after evaluating the Company's risks at all levels under the existing organizational structure based on the Company's strategic goals and its past audit experience. It reports on the quarterly audits in the quarterly Audit Committee and board meetings. We conduct the self-assessment of the internal control system of each business division and important affiliates in the fourth quarter of each year, and compile the results of the self-assessments of the internal control system in the first quarter of the following year and then report it to the Audit Committee and the board of directors, to examine the management team's control over the internal and external environmental risks, business divisions' control over the operational risk, as well as the effectiveness of the design and implementation of the internal control system.	No major deviations.
(V) Does the Company regularly organize internal and external education and training on ethical corporate management?	V		(V) The Company regularly organizes internal education and training courses, such as training for new employees and new supervisors every year, while keeping them informed of the important contents of the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct and regularly holding meetings to raise employees' awareness to allow them to better understand our ethical management policy and relevant regulations.	No major deviations.
III. Implementation status of the whistleblowing system (I) Has the Company formulated a specific whistleblowing and reward system, and established an accessible whistleblowing channel, while designating personnel to be responsible for investigating accused parties?	V		(I) For our whistleblowing system, we have established the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct, to stipulate the principles of integrity in the conduct of business and the codes of conduct. If an employee discovers suspected unethical behavior, they have the responsibility to raise a warning immediately. We also have a reporting email (integrity@itts.com.tw) and a hotline in place for employees, outsiders, or suppliers to directly report any illegitimate practices in finance, law, or ethics. The Audit Office is responsible for accepting and handling such reports.	No major deviations.
(II) Has the Company formulated standard operating procedures for the investigation of the matters reported, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?	V		(II) Articles 3 and 4 of the Company's Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct set out the reporting channels and handling procedures, the standard operating procedures for the investigation of reports, and the subsequent measures to be taken after an investigation is completed, and Article 4, paragraph 5 of the procedures specify a confidentiality mechanism that the Company shall handle whistleblowers or the persons involved in the investigation and the contents thereof in a confidential and prudent manner.	No major deviations.

Assessment criteria	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Does the Company take measures to protect whistleblowers from being improperly handled due to whistleblowing?	V		(III) Article 4, paragraph 5 of the Company's Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct specifies a whistleblower protection mechanism, under which the Company shall protect whistleblowers or the persons involved in the investigation and the contents thereof, and strictly prohibit any form of unfair treatment or retaliation against those who make reports in good faith or assist with the investigation.	No major deviations.
IV. Enhancing information disclosure Does the Company disclose on its website and the MOPS the content and effectiveness of implementation of its Ethical Corporate Management Best Practice Principles?	V		The Company has explicitly disclosed its ethical management philosophy on its website. Regarding the Company's investor relations and stakeholders' rights and interests, the Company maintains open communication channels at all times, leverages the spokesperson mechanism, and immediately publishes public information on the MOPS in line with the principle of integrity to maintain investor relations and to safeguard stakeholders' rights and interests while disclosing the Company's implementation of ethical management and the measures adopted in the annual report.	No major deviations.
V. Where a company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please specify the difference between its operations and the principles formulated: The Company has established its own Ethical Corporate Management Best Practice Principles, and there are no significant differences between the internal operations and what is stipulated in the principles.				
VI. Other important information to facilitate better understanding of the Company's ethical corporate management: The Company complies with the Company Act, the Securities and Exchange Act, the regulations of the Taiwan Stock Exchange and Taipei Exchange, and relevant laws and regulations as the basis for duly implementing ethical management. It is forbidden to commit unethical acts with transaction counterparties in the ordinary course of business. The Company has amended the Ethical Corporate Management Best Practice Principles on August 13, 2019, and amended the Procedures for Ethical Management and Guidelines for Conduct on May 12, 2022.				

(VII) Where a company has formulated the Ethical Corporate Management Best Practice Principles and relevant regulations, it shall make disclosure and the inquiry method:

The Company's corporate governance-related regulations have been published in "Formulation of Corporate Governance Rules" under the "Corporate Governance" category on the MOPS of the Taiwan Stock Exchange. You may go to <http://mops.twse.com.tw> for inquiry.

(VIII) Other important information to facilitate better understanding of the status of corporate governance shall be disclosed together:

1. The Company's important information is announced on the MOPS in accordance with the regulations of the competent authority.
2. Directors' continuing education in 2022:

Title	Name	Date of class	Organizer	Title of class	Time (hours)
Representative of corporate director	Shang-Wei Kao	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30th Net Zero Sustainable Development Summit - Achieving Sustainability 2030 with Commitment to Net Zero	3.0
		2022/08/15	Taiwan Investor Relations Institute	Global economic outlook for the second half of 2022	3.0
Representative of corporate director	Chwen-Jy Chiu	2022/02/10	Taiwan Institute for Sustainable Energy	The 27th CEO Lecture and Keynote Speech	2.0
		2022/04/28	Taiwan Institute for Sustainable Energy	The 28th TCCS Board of Directors Meeting and CEO Lecture Hall	2.0
		2022/08/15	Taiwan Investor Relations Institute	Global economic outlook for the second half of 2022	3.0
Representative of corporate director	An-Ping Liu	2022/08/15	Taiwan Investor Relations Institute	Global economic outlook for the second half of 2022	3.0
		2022/12/23	Taiwan Investor Relations Institute	The normative development of a resistant international order: From core technology regulation to global AI governance	3.0
Representative of corporate director	Kuo-Min Chen	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30th Net Zero Sustainable Development Summit - Achieving Sustainability 2030 with Commitment to Net Zero	3.0
		2022/08/15	Taiwan Investor Relations Institute	Global economic outlook for the second half of 2022	3.0
Representative of corporate director	Shih-Chang Lin	2022/07/29	Taiwan Corporate Governance Association	M&A value creation; cross-border M&A transactions; M&A integration management	3.0
		2022/08/15	Taiwan Investor Relations Institute	Global economic outlook for the second half of 2022	3.0
Director	Wen-Nan Chan	2022/04/28	Securities and Futures Institute	Aspects of ESG Governance - From Knowledge to Implementation	3.0
		2022/05/04	Taiwan Corporate Governance Association	How to prevent internal worries - Internal investigation and analysis	3.0
Independent Director	Yi-Bing Lin	2022/06/21	Taiwan Corporate Governance Association	How to prevent internal worries - Internal investigation and analysis	3.0
		2022/08/15	Taiwan Investor Relations Institute	Global economic outlook for the second half of 2022	3.0
Independent Director	Cheng-Kang Chen	2022/12/20	Business Development Foundation of the Chinese Straits	Directors/supervisors' reviews on the Company's operational policies and performance	3.0
		2022/12/23	Taiwan Investor Relations Institute	The normative development of a resistant international order: From core technology regulation to global AI governance	3.0
Independent Director	Jui-Tang Chang	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30th Net Zero Sustainable Development Summit - Achieving Sustainability 2030 with Commitment to Net Zero	3.0
		2022/08/15	Taiwan Investor Relations Institute	Global economic outlook for the second half of 2022	3.0

Title	Name	Date of class	Organizer	Title of class	Time (hours)
		2022/11/24	Corporate Operating and Sustainable Development Association	Case Study on Disclosure of Material Information and Directors' Responsibilities	3.0

(IX) Implementation of the internal control system:

1. Statement on the Internal Control System
2. If review of the internal control system has been conducted by entrusted CPAs, the CPAs' review report shall be disclosed: None.

(X) In the most recent year and as of the date of the publication of the annual report, where the Company and its insiders have been punished in accordance with the law, or the Company has imposed penalties on its internal personnel for violations of the internal control system, and the results of the penalties may have a significant impact on shareholders' rights or securities prices, the content of the penalties, main deficiencies, and improvements shall be specified: None.

(XI) Important resolutions of the shareholders' meeting and board meetings in the most recent year and as of the date of the publication of the annual report:

Shareholders' meeting/board meeting	Date	Important resolutions
Board of Directors	2022/03/18	<ol style="list-style-type: none"> 1. 2021 Statement on the Internal Control System 2. Proposal for distribution of 2021 employee compensation and remuneration of the directors 3. 2021 Business Report and Financial Statements 4. Distribution of earnings for 2021 5. New and renewal of borrowing facilities from financial institutions 6. Proposal for partial amendments to the Company's Articles of Incorporation 7. Proposal for partial amendments to the Procedures for Acquisition and Disposal of Assets 8. Proposal for partial amendments to the Corporate Governance Best Practice Principles 9. Proposal for partial amendments to the Corporate Social Responsibility Best Practice Principles 10. Proposal for partial amendments to the Rules of the Performance Evaluation of the Board of Directors 11. Proposal for matters related to convening of the Company's 2022 general shareholders' meeting
Board of Directors	2022/05/12	<ol style="list-style-type: none"> 1. Consolidated financial statements for the first quarter of 2022 2. Proposal for partial amendments to the "Procedures for Ethical Management and Guidelines for Conduct". 3. Proposal for partial amendments to the "Codes of Ethical Conduct". 4. Proposal for partial amendments to the "Operation Management Procedures for Loaning Funds to Others" 5. Proposal for partial amendments to the "Management Procedures for Endorsements/Guarantees" 6. Seal custodian for endorsement and guarantee 7. Proposal for partial amendments to the "Procedures for the Prevention of Insider Trading." 8. Partial amendments to the Rules of Procedure for Shareholders' Meetings 9. Proposal for partial amendments to the Corporate Governance Best Practice Principles 10. Proposal for addition of matters related to the 2022 general shareholders' meeting
Shareholders' Meeting	2022/06/27	Management Presentation: <ol style="list-style-type: none"> 1. 2021 Business Report 2. 2021 Audit Committee's Review Report 3. Report on the distribution of employee compensation and the

Shareholders' meeting/board meeting	Date	Important resolutions
		<p>remuneration of directors for 2021</p> <ol style="list-style-type: none"> 4. Proposal for partial amendments to the "Procedures for Ethical Management and Guidelines for Conduct" 5. Proposal for partial amendments to the "Codes of Ethical Conduct" 6. Proposal for partial amendments to the Corporate Governance Best Practice Principles 7. Proposal for partial amendments to the Corporate Social Responsibility Best Practice Principles <p>Proposals:</p> <ol style="list-style-type: none"> 1. 2021 Business Report and Financial Statements 2. Distribution of Earnings for 2021 <p>Issues in Election: None</p> <p>Issue to be discussed:</p> <ol style="list-style-type: none"> 1. Proposal for partial amendments to the Company's Articles of Incorporation 2. Proposal for partial amendments to the Procedures for Acquisition and Disposal of Assets 3. Proposal for partial amendments to the "Management Procedures for Endorsements/Guarantees" 4. Proposal for partial amendments to the "Operation Management Procedures for Loaning Funds to Others" 5. Partial amendments to the Rules of Procedure for Shareholders' Meetings
Board of Directors	2022/08/10	<ol style="list-style-type: none"> 1. Consolidated financial statements for the second quarter of 2022 2. Cover issue of the Company's private placement common shares 3. The Company's greenhouse gas inventory and verification schedule
Board of Directors	2022/11/10	<ol style="list-style-type: none"> 1. Consolidated financial statements for the third quarter of 2022 2. Proposal for partial amendment to the "Rules of Procedure for Board of Directors' Meetings". 3. Proposal for partial amendments to the "Procedures for Handling Material Inside Information." 4. Appointment of Chief Internal Auditor of the Company 5. Proposal to lift the non-competition restrictions upon the current directors
Board of Directors	2022/12/30	<ol style="list-style-type: none"> 1. Approval of the 2023 budget plan 2. Approval of the 2023 audit plan 3. The finalization of the Company's "Implementation Rules for Internal Audits" 4. Amendments to the Company's "Procedures for the Protection of Personal Information" 5. Approval of proposal for evaluation of independence and competence of the Company's CPAs and appointment thereof 6. Proposal for appointment and remuneration of CPAs for 2023
Board of Directors	2023/3/9	<ol style="list-style-type: none"> 1. 2022 Statement on the Internal Control System 2. Proposal for distribution of 2022 employee compensation and remuneration of the directors 3. 2022 Business Report and Financial Statements 4. Distribution of earnings for 2022 5. New and renewal of borrowing facilities from financial institutions 6. Proposal for partial amendments to the Company's Articles of Incorporation 7. Proposal for partial amendments to the Corporate Governance Best Practice Principles 8. Proposal for partial amendments to the "Sustainable Development Best Practice Principles". 9. Proposal for matters related to convening of the Company's 2023 general shareholders' meeting

1. Implementation of the resolutions by the 2022 general shareholders' meeting (July 27, 2022):

Number	Resolution	Implementation status
1	Ratification of the 2021 Business Report and Financial Statements.	* The number of votes in favor of this proposal accounted for 99.97% of the total voting rights of shareholders present, and this proposal was passed as proposed.
2	Ratification of the 2021 earnings distribution statement, with a cash dividend of NT\$2 per share to be paid out.	1. The number of votes in favor of this proposal accounted for 99.17% of the total voting rights of shareholders present, and this proposal was passed as proposed. 2. The ex-dividend record date was July 14, 2022, and the cash dividends were paid out on August 8, 2022.
3	Approval of the amendments to the Articles of Incorporation	1. * The number of votes in favor of this proposal accounted for 99.10% of the total voting rights of shareholders present, and this proposal was passed as proposed. 2. The amendments to the Articles of Incorporation were registered per Approval Letter Jing-Shou-Shang-Zi No. 11151002420 dated August 4, 2022, from the Department of Commerce, Ministry of Economic Affairs.
4	Approved the amendment to the Procedures for Acquisition and Disposal of Assets	* The number of votes in favor of this proposal accounted for 99.10% of the total voting rights of shareholders present, and this proposal was passed as proposed.
5	Approved the amendment to the Management Procedures for Endorsements/Guarantees	* The number of votes in favor of this proposal accounted for 99.08% of the total voting rights of shareholders present, and this proposal was passed as proposed.
6	Approved the amendment to the Operation Management Procedures for Loaning Funds to Others	* The number of votes in favor of this proposal accounted for 99.08% of the total voting rights of shareholders present, and this proposal was passed as proposed.
7	Approval of the amendments to the Rules of Procedure for Shareholders' Meetings	* The number of votes in favor of this proposal accounted for 99.10% of the total voting rights of shareholders present, and this proposal was passed as proposed.

(XII) Directors or supervisors who had different opinions on important resolutions passed by the board of directors in the most recent year and as of the date of publication of the annual report for which there is a record or declaration in writing: N/A.

(XIII) Summary of the resignation and dismissal of the Company's Chairman, President, accounting manager, financial manager, internal audit officer, corporate governance officer, and R&D manager in the most recent year and as of the publication date of the annual report:

Title	Name	Date of appointment	Date dismissed	Reasons for resignation or dismissal
Internal Audit Officer	Min-Chien Yu	2018/8/8	2022/11/10	Job adjustment
COO	Hsin-Cheng Liu	2020/3/16	2022/12/30	Job adjustment

IV. Information on CPA Fees

(I) Information on CPA Fees

Unit: NTD thousand

Accounting firm name	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Notes
PricewaterhouseCoopers Taiwan	Ping-Chun Chih	2022	1,590	275	1,775	The non-audit fees are for transfer pricing services.
	Tsung-Hsi Lai					

(II) If the CPA firm is replaced and the audit fees paid during the year in which the replacement occurred are less than the audit fees paid in the previous year, the amount of the audit fees before and after the replacement and the reason thereof shall be disclosed: N/A.

(III) If the audit fees paid decreased by at least 10% compared with those in the previous year, the amount, proportion, and reason for the decrease of the audit fees shall be disclosed:

N/A.

V. Information on the replacement of CPAs: N/A.

VI. Information on CPA Firms or Their Affiliates at Which the Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Were Employees in the Most Recent Year: N/A.

VII. Transfers and Pledges of Stock Equity by Directors, Managers, and Shareholders Holding over 10% of the Company's Shares in the Most Recent Year and as of the Date of Publication of the Annual Report:

(I) Changes in the equity of directors, managers, and major shareholders

Title	Name	2022		Current year up to April 29	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	TECO Electric & Machinery Co., Ltd.	-	-	-	-
	Representative: Shang-Wei Kao	-	-	-	-
Director	TECO Electric & Machinery Co., Ltd.	-	-	-	-
	Representative: Chwen-Jy Chiu	-	-	-	-
Director	TECO Electric & Machinery Co., Ltd.	-	-	-	-
	Representative: An-Ping Liu	-	-	-	-
Director	TECO Electric & Machinery Co., Ltd.	-	-	-	-
	Representative: Kuo-Min Chen	-	-	-	-
Director	Advantech Investment Co., Ltd.	-	-	-	-
	Representative: Shih-Chang Lin	-	-	-	-
Director	Wen-Nan Chan	-	-	-	-
Independent Director	Yi-Bing Lin	-	-	-	-
Independent Director	Cheng-Kang Chen	-	-	-	-
Independent Director	Jui-Tang Chang	-	-	-	-
President	Shang-Wei Kao	-	-	-	-
Vice President	Hsin-Cheng Liu	-	-	-	-
Manager	Yu-Min Chiang (resigned on December 31, 2021)	-	-	-	-
Manager	Huan-Yu Hsu	-	-	-	-
Manager	Wei-Ting Cheng	-	-	-	-
Manager	Hsin-Ying Chen	-	-	-	-
Manager	Shih-Yang Lin	-	-	-	-
Chief Financial Officer	Lung-Chu Hung	-	-	-	-

Note 3: Vice President, Hsin-Cheng Liu, was reinstated on December 30, 2022. Assistant Vice President, Wei-Ting Cheng, resigned on July 8, 2022; Assistant Vice President, Huan-Yu Hsu, resigned on September 30, 2022.

(II) Information on share transfers: N/A.

(III) Information on equity pledges: N/A.

VIII. Information on the Relationships Among Top Ten Shareholders

March 30, 2023/Unit: Share; %

NAME	OWN SHAREHOLDING		SHAREHOLDINGS OF SPOUSE AND UNDERAGE CHILDREN		TOTAL SHAREHOLDING IN NAMES OF OTHERS		RELATIONSHIP CHARACTERIZED AS SPOUSE OR RELATIVE WITHIN SECOND DEGREE OF KINSHIP OR CLOSER AMONG THE TOP TEN SHAREHOLDERS		NOTES
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
TECO Electric & Machinery Co., Ltd. Representative: Chwen-Jy Chiu	11,467,248	41.97%	-	-	-	-	Tong-An Investment Co., Ltd.	Shareholder with a shareholding of 99.6%	
Advantech Investment Co., Ltd. Representative: Ke-Chen Liu	5,084,273	18.61%	-	-	-	-	-	-	
Tong-An Investment Co., Ltd. Representative: Mao-Hsiung Huang	1,841,250	6.74%	-	-	-	-	TECO Electric & Machinery Co., Ltd.	Company with 99.6% of its shares held by other entities	
Dong He International Investment Co., Ltd. Representative: Tung-Hai Kao	450,000	1.65%	-	-	-	-	-	-	
Shang-Wei Kao	428,591	1.57%	40,000	0.15%	-	-	TECO Electric & Machinery Co., Ltd.	Director	
Li-Yu Sung	360,000	1.32%	-	-	-	-	-	-	
Ming-Chin Chiu	341,000	1.25%	-	-	-	-	-	-	
Su-Chin Wang	238,000	0.87%	-	-	-	-	-	-	
Li-Juan Guo	115,000	0.42%	-	-	-	-	-	-	
Guo-Fang Lin	109,000	0.40%	-	-	-	-	-	-	

IX. The Number of Shares Held by the Company, Directors, Managers, and Businesses Directly or Indirectly Controlled by the Company in the Same Investee, and the Consolidated Shareholding Percentage:

December 31, 2022/Unit: Thousand shares; %

Investee (Note)	Invested by the Company		Held by directors, supervisors, managers, and businesses directly or indirectly controlled		Consolidated investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Tension Envelope Taiwan Corporation	2,500	50%	-	-	2,500	50%
Unison Service Corporation	1,700	100%	-	-	1,700	100%
Universal Mail Service Ltd.	1,300	100%	-	-	1,300	100%
ITTS (BVI)	1,541	100%	-	-	1,541	100%
Information Technology (Wuxi) Co., Ltd.	-	100%	-	-	-	100%
Information Technology Total Service (Xiamen)	-	100%	-	-	-	100%

Four. Capital Overview

I. Capital and Shares

(I) Source of share capital

1. Formation process of share capital

Unit: NTD thousand; Thousand shares

Month/Year	Issue price	Authorized share capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Offset by any property other than cash	Others
1990 Dec	10	8,100	81,000	4,050	40,500	Founding capital	-	Note 1
1997 August	10	8,100	81,000	7,350	73,500	Capital increase in cash by NT\$33,000,000	-	Note 1
1997 August	10	8,100	81,000	1,470	14,700	Capital reduction by NT\$58,800,000	-	Note 1
1999 September	10	20,000	200,000	18,057	180,570	Capital increase in cash by NT\$165,870,000	-	Note 1
2000 April	10	20,000	200,000	19,999	199,990	Capital increase in cash by NT\$19,420,000	-	Note 2
2018 July	13.31	40,000	400,000	20,337	203,371	Capital increase from employee remuneration by NT\$4,500,000	-	Note 3
2019 May	29	40,000	400,000	25,421	254,213	Capital increase in cash from ordinary shares via private placement by NT\$50,842,000	-	Note 4
2020 February	42.6	40,000	400,000	27,323	273,233	Capital increase in cash for first-time listing on the Taipei Exchange by NT\$19,020,000	-	Note 5

Note 1: It is not a change in the share capital over the last five years, so the effective date and document number of the capital increase or reduction are not indicated.

Note 2: Approved per Letter Jing-(2000)-Shang No. 113713 on May 4, 2000.

Note 3: Approved per Letter Fu-Chan-Ye-Shang-Zi No. 10751350700 dated July 20, 2018.

Note 4: Approved per Letter Fu-Chan-Ye-Shang-Zi No. 10849950600 dated May 21, 2019.

Note 5: Approved per Letter Fu-Chan-Ye-Shang-Zi No. 10945051720 dated February 17, 2020.

2. Total number of shares

March 31, 2023/Unit: Share

Type of share	Authorized share capital			Notes
	Outstanding shares (Note)	Unissued shares	Total	
Ordinary shares	27,323,364	12,676,636	40,000,000	Stock listed on the Taipei Exchange

Note: The Company's board of directors resolved to arrange private placement of 5,084,273 shares over-the-counter on August 11, 2022. The Taipei Exchange approved the application and it went into effect on October 26, 2022. The shares have been publicly traded from November 9, 2022.

(II) Composition of shareholders

March 31, 2023

Composition of shareholders	Government agencies	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and individuals	Total
Quantity						
Number of people	-	3	20	1,358	3	1,384
Number of shares held	-	101,510	19,288,052	7,922,802	11,000	27,323,364
Shareholding percentage	-	0.37%	70.59%	29.01%	0.04%	100.00%

(III) Distribution of equity

March 31, 2023/Unit: Share

Range of shares	Number of shareholders	Number of shares held	Shareholding percentage
1-999	201	15,033	0.06%
1,000-5,000	899	1,682,150	6.16%
5,001-10,000	133	1,081,874	3.96%
10,001-15,000	26	335,772	1.23%
15,001-20,000	44	817,629	2.99%
20,001-30,000	32	819,002	3.00%
30,001-40,000	16	578,750	2.12%
40,001-50,000	10	480,031	1.76%
50,001-100,000	9	667,510	2.44%
100,001-200,000	6	635,251	2.32%
200,001-400,000	3	939,000	3.44%
400,001-600,000	2	878,591	3.22%
600,001-800,000	0	0	0.00%
800,001-1,000,000	0	0	0.00%
1,000,001 or more	3	18,392,771	67.32%
Total	1,119	27,323,364	100.00%

(IV) Major shareholders

March 31, 2023/Unit: Share; %

Name of major shareholder	Number of shares held	Shareholding percentage
TECO Electric and Machinery Co., Ltd.	11,467,248	41.97%
Advantech Co., Ltd.	5,084,273	18.61%
Tong-An Investment Co., Ltd.	1,841,250	6.74%
Dong He International Investment Co., Ltd.	450,000	1.65%
Shang-Wei Kao	428,591	1.57%
Li-Yu Sung	360,000	1.32%
Ming-Chin Chiu	341,000	1.25%
Su-Chin Wang	238,000	0.87%
Li-Juan Guo	115,000	0.42%
Guo-Fang Lin	109,000	0.40%

(V) Information on Market Price, Net Value, Earnings, and Dividends per Share

Unit: NTD; Thousand shares

Item		Year	2021	2022	Financial information of current year March 31, 2023 (Note 5)
Market price per share (Note 1)	Highest		42.70	38.80	46.60
	Lowest		37.10	34.85	36.20
	Average		39.89	37.26	37.73
Net worth per share	Before distribution		20.04	20.26	-
	After distribution		18.04	18.66	-
Net worth per share earnings	Weighted average shares		27,323	27,323	-
	Earnings per share		2.65	2.04	-
Dividend per share	Cash dividend		2.00	1.60	-
	Stock dividends	Stock dividend from retained earnings	-	-	-
		Stock dividend from capital surplus	-	-	-
	Accumulated unpaid dividends		-	-	-
Return on investment analysis	P/E ratio (Note 2)		15.05	18.26	-
	P/D ratio (Note 3)		19.94	23.29	-
	Cash dividend yield (Note 4)		5.01%	4.29%	-

Note 1: The highest and lowest market prices of the ordinary shares every year are indicated, and the average market prices are calculated for each year based on the market value and volume of each year.

Note 2: P/E ratio = Average closing price per share for the year / Earnings per share.

Note 3: P/D ratio = Average closing price per share for the year / Cash dividend per share.

Note 4: Cash dividend yield = Cash dividend per share / Average closing price per share for the year.

Note 5: As of the publication date of the annual report, the Company had no financial figures for 2022 that had been audited or reviewed by CPAs.

(VI) The Company's Dividend Policy and Implementation

1. Dividend policy stipulated in the Company's Articles of Incorporation

According to the Company's profitability of the current year, 1% to 10% of the earnings shall be appropriated as employee compensation. The remuneration to directors shall not exceed the maximum limit of 5%. The remuneration to employees may be granted to employees of subordinate firms who satisfy specific conditions. Where the Company has accumulated losses, however, said losses shall be compensated first.

Decisions regarding the ratios of remuneration to employees, remuneration to directors, and regarding payment of employee compensation either in cash or in shares shall be duly resolved and approved with a majority vote at the board of directors meeting attended by directors who make up more than two-thirds of all directors and such a decision so resolved shall be reported to the shareholders' meeting.

The term "profitability of the current year" as set forth in the first paragraph denotes the profit before tax of the year before deduction of remuneration to employees and remuneration to directors.

If the Company has earnings upon the annual account settlement, an amount shall be first allocated for tax payments and for making up accumulated losses in accordance with law. Then, 10% shall be set aside as legal reserve, provided that the legal reserve shall no longer be appropriated if the legal reserve reaches the total amount of the Company's paid-in capital. The balance shall be taken to set aside or to reverse the special reserve according to the regulation of the competent authority. The balance, if any, along with the accumulated unappropriated retained earnings from the prior year, shall be duly distributed to shareholders as proposed by the board of directors, and the proposal shall be duly submitted to and resolved by the shareholders' meeting.

The Company shall duly conform to the overall environment, the characteristics of industrial development, and the long-term financial plan of the Company to ensure sustainable development and stable business management. The Company's dividend policy is based on the Company's capital budget to measure annual capital needs. The Company shall retain the working capital required for financing before allocating the balance of the earnings for cash dividends and stock dividends. The allocation process is set forth below:

- I. Determine the optimal budget for capital.
 - II. Determine the amount of working capital required for said budget.
 - III. Determine the amount of retained earnings for the working capital.
 - IV. After determining an appropriate sum to be reserved to meet the needs for business operations, the balance of the earnings may be distributed to shareholders by means of dividends. The balance to be distributed shall not be less than 10% of the cumulative amount of distributable earnings in that year. The amount of cash dividend shall, nevertheless, not be less than 10% of the dividend to be distributed.
2. The situation of the distribution of shareholders' dividends for this year:

The Company's Board of Directors has on March 9, 2023, approved the allocation of cash dividends to shareholders from the 2022 distributable earnings at NT\$43,717,383, for NT\$1.60 per share. The Chairman is authorized to set the ex-dividend record date and the date of distribution.

(VII) The impact of the stock dividends proposed by the shareholders' meeting on the Company's operating performance and earnings per share: N/A.

(VIII) Employee compensation and directors' remuneration

1. The percentage or scope of employee compensation and directors' remuneration as stated in the Company's Articles of Incorporation:

According to the Company's profitability of the current year, 1% to 10% of the earnings shall be appropriated as employee compensation. The remuneration to directors shall not exceed the maximum limit of 5%.
2. The basis of estimating the amount of employee compensation and directors' remuneration for the current period, the basis for calculating the quantity of stock dividends to be allocated, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure thereof:

After the end of the year, if there is a significant change in the amount to be distributed as resolved by the board of directors before the release of the consolidated financial statements, the change shall be adjusted to the original annual amount. If there is any change to the amount after the release of the consolidated financial statements, it will be handled as changes in accounting estimates, and adjusted and accounted for in the following year.
3. Information on distribution of bonuses resolved by the board of directors:
 - (1) Employee compensation and directors' remuneration distributed in cash or stock:

The Company's proposal for 2022 employee compensation and directors' remuneration was passed by the board of directors on March 9, 2023. The director's remuneration is in the amount of NT\$3,530,000 while the employee compensation is in the amount of NT\$4,950,000, which do not differ from the estimated figures in the financial statements.

- (2) The ratio of the amount of employee compensation distributed in shares to the total net income after tax and employee compensation for the current period: N/A.
 - (3) Imputed earnings per share for the proposed employee compensation and directors' remuneration: N/A.
4. The actual distribution of employee compensation and directors' remuneration in the prior year (including the number of shares distributed, amount, and share price), the difference between the actual distribution and the estimated figures, if any, as well as reason and treatment thereof:
- (1) The actual distribution of employee compensation and directors' remuneration in the prior year:

Unit: NTD thousand

	The amount approved by the board of directors	The amount approved by the shareholders' meeting	Number of shares	Share price
Employee compensation – cash	6,820	6,820	-	-
Directors' remuneration – cash	4,860	4,860	-	-
Total	11,680	11,680		

- (2) There is no difference between the actual distribution and the amounts recognized in the statements.

(IX) Repurchase of the Company's shares by the Company: N/A.

II. Issuance of Corporate Bonds: N/A.

III. Issuance of Preferred Shares: N/A.

IV. Issuance of Global Depository Receipts: N/A.

V. Issuance of Employee Stock Options and New Employee Restricted Shares: N/A.

VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: N/A.

VII. Implementation of the Capital Utilization Plan:

(I) Private placement of securities

The first private placement of new shares in 2019: Please refer to page 120 of this handbook.

(II) Capital increase in cash

The first capital increase in cash in 2019 through issuance of new shares

1. Competent authority's approval date and document number: Taipei Exchange Letter Zheng-Gui-Shen-Zi No. 1080012084 dated November 11, 2019.
2. The total amount of the funds required for this plan: NT\$77,031,000.
3. Source of the funds: Issuance of 1,902,000 ordinary shares for cash capital increase, with a par value of NT\$10 per share and an issue price of NT\$42.6 per share. The total amount raised was NT\$82,342,000.
4. Progress of the plan and capital utilization: The capital increase in cash aimed to replenish the working capital, which was implemented in the fourth quarter of 2019 and announced as required.
5. Expected benefits: The funds raised through the capital increase in cash will be used to replenish the working capital in order to meet the needs for operating working capital for the growth of the operating scale in the future and increase long-term stable funds, strengthen the financial structure, and reduce operating risks, which will help improve the Company's operating competitiveness and mid- and long-term development in the future.
6. The revision of the plan, the sources and use of funds, the reason for the revision, the benefits before and after the revision, and the date when the revised plan is submitted to the shareholders' meeting: N/A.
7. Evaluation of actual benefits: The funds raised from the issue of new shares in this capital increase in cash are used to replenish the working capital. After the completion of this plan, the debt ratio in terms of financial structure has fallen from 53.44% in the third quarter of 2019 to 44.94% in the fourth quarter of 2019. In terms of solvency, the current ratio and quick ratio have increased from 171.34% and 150.15% in the third quarter of 2019 to 276.59% and 253.79% in the fourth quarter of 2019, respectively. The above-mentioned financing has improved the Company's financial structure and solvency compared to before the fundraising, which will be positively helpful to the Company's future expansion of the scale of operations and business development. This will also enhance the Company's market competitiveness and flexibility of fund movement. Therefore, the anticipated effect of this fundraising plan for replenishing the working capital has been demonstrated.

Five. Overview of Operations

I. Description of the Business

(I) Scope of business

1. Main businesses of the Company include:

We mainly provide IT services (ITS), business process services (BPS), and applications and services for AIoT innovation and development. ITTS's information service sales area ranges from Greater China to the Asia-Pacific region, and the industries involved range from government and public sector, finance, manufacturing, high-tech, telecommunications, logistics to retail. Looking ahead to the future, ITTS plans to work with excellent partners to provide AIoT solutions, information security solutions, and cloud platform establishment and planning services to help enterprises jointly realize digital sustainability and adopt innovative technology applications, thereby creating competitive advantages for clients.

2. Weight of business of current main products:

Unit: NTD thousand

Product item	Year	2021		2022	
		Net operating revenue	Weight (%)	Net operating revenue	Weight (%)
Information technology outsourcing		874,696	66%	764,160	57.44%
BPO services		450,930	34%	566,114	42.56%
Total		1,325,626	100%	1,330,274	100.00%

3. Current products (services) and functions:

● ERP services

ITTS is the largest gold partner of SAP Taiwan, providing ERP life cycle management services, including business process planning, application software introduction, post-launch maintenance services (application software and systems), and SAP system management services, as well as establishment and planning services for future system upgrades or cloud migration.

ITTS has worked with more than 250 well-known customers in the Greater China region in industries from manufacturing and high-tech to retail, dozens of which are well-known publicly listed companies.

ITTS's customers have a high degree of loyalty, mainly because ITTS is an expert in the unique business processes of the manufacturing industry and very proficient in the operation of SAP, an international software tool, to help customers adjust their business processes to comply with the best practice in line

with the international standards. ITTS also provides complete ERP life cycle management. By integrating smart mobile and big data cloud platforms, it has established first-line structured and unstructured data collection capabilities and integrated ERP business data to create the sources of value of business intelligent analyses for enterprises, to enhance customers' new competitiveness in the industry. Customers will have their competitive advantages strengthened because of the services provided by ITTS. Furthermore, after the ERP system is introduced and put into operation, customers can hand over the subsequent maintenance to ITTS with peace of mind, and confirm ITTS's service quality through the service level agreement (SLA) and key performance indicators (KPIs) on a regular basis.

- Enterprise e-services

Provide Infra network design and maintenance services, application software (such as human resource management, office automation (OA) and warehouse management system (WMS)) development and maintenance services, and cloud platform planning and implementation services (such as Google Cloud Platform, Microsoft Azure SaaS services, and SAP cloud platform services), as well as information security planning and consulting services.

ITTS's enterprise e-services can assist the server rooms of multinational corporations across the Taiwan Strait in taking care of the maintenance and operations of human resources, machinery, and equipment so that customers can hand over the subsequent maintenance to ITTS with peace of mind, and confirm ITTS's service quality through the SLA and KPIs on a regular basis.

- AIoT services

In response to the expected growth of IoT-related services in the next five years, ITTS is currently investing early and has already worked with several indicative customers in the application services of smart factories, smart logistics, and smart catering. For the above-mentioned smart services, ITTS also provides smart communication room, business intelligence, and predictive analysis services. Many indicative customers are adopting ITTS's smart services. For example:

- Smart catering application services

In 2011, when mobile commerce and social media were just emerging, ITTS first proposed a project to establish a smart store for MOS Burger to embrace social community through mobility in response to the Establishment of Smart Store in the Circulation Service Industry Point Project of the Department of Commerce. ITTS therefore assisted MOS Burger in applying both mobile commerce and social community technology to enhance its customer stickiness while increasing new customers. As a result, its number of customers increased by 5%, and the overall turnover grew by 8%.

➤ Smart logistics application services

ITTS has many years of experience in providing home delivery logistics services. In addition to integrating all information on people, vehicles, objects, and routes and building AI operation control centers, we help build AI warehousing and logistics centers for businesses by combining AI image recognition for storage locations, cloud computing, and wireless positioning, to provide functions such as AI image identification for storage locations, automatic route planning, real-time vehicle dispatch, and visualization of remaining storage space. With the automated, real-time, and smart AI logistics solutions, we help companies improve warehouse flow management efficiency and achieve energy efficiency and sustainability goals. It has been estimated that after the adoption of the solution, the average time of in and out of warehouses will be reduced by 12% and that plants will reduce carbon emissions by more than 6,000 kilograms per year.

Smart factory application services

As mentioned above, ITTS is experienced in serving the companies of the TECO Group to build smart factories, and is well versed in the unique business processes of the manufacturing industry, so it has developed its own-brand MES system. With an affordable and competitive price, ITTS has promoted it to the medical electronics assembly industry and global fastener and metal processing suppliers to help the industries gradually transform themselves into smart factories, and their output value and reduction of failure costs, such as rework rates, have been greatly improved.

Due to the restructuring of the global supply chain as a result of the pandemic, the complete supply chain management solution developed by ITTS covers the entire process, from price inquiry, quotations, procurement, production, warehousing to transportation, to help companies improve delivery rates, reduce inventory and costs, and improve management efficiency, and customer satisfaction.

We work with Advantech to jointly develop an overall equipment effectiveness (OEE) management solution, from which we have identified and improved the key factors affecting production efficiency to improve equipment performance through regular repair and maintenance. The app developed has also been integrated into Advantech's iFactory solution to create a digital operation center for the electrical engineering industry, and we strive to accelerate the industrial upgrade through the rapid promotion of a package deal. Through the alliance with Advantech, we can further expand our market through Advantech's team.

● Customer relationship management service

As a top three customer service center, ITTS provides inbound and outbound telemarketing, sales order, and membership services, as well as customer service center establishment consulting services and AI cloud customer service.

ITTS provides experienced customer service personnel with knowledge of each industry, customer service information equipment, and customer service venues to corporate clients, so that they can completely outsource the services of the customer service center to ITTS without any concerns, and confirm ITTS's service quality through the SLA and KPIs on a regular basis.

For example, ITTS took over the Samsung event inquiry service (customer service line). Through ITTS' high-quality reception team, strict quality control, patient response to inquiries, and extensive management and reception experience, it has successfully assisted Samsung in improving its operational performance and quality of customer service. Since this project was launched, it has successfully provided customers with excellent service quality, full-time control of personnel in this project, and effectively coordinated manpower and reduced costs.

- Postal information integration services

ITTS provides mail room process outsourcing services, from the management and control of the mail-in and -out processes to the postage accounting management; successful examples include collaboration with an international bank (for more than 10 years with continuous trust in ITTS's service quality) and with high-quality domestic banks.

In addition, ITTS provides bill printing outsourcing services, which allows monitoring and managing of the entire process (from data processing, typesetting, printing and sealing, customized marketing to bill delivery to end customers of corporate clients).

The industries in which major corporate clients operate are as follows:

- Telecom and financial industries
Mainly providing billing, stock affairs, insurance policy printing and delivery services.
- Information and communication service industry
Payment notice and receipt printing and delivery services.
- Government agencies
Mainly providing payment (tax) bill printing and delivery services, successful examples include the Taipei City Health Insurance Bureau, Northern Taiwan Health Insurance Bureau, Southern Taiwan Health Insurance Bureau, Eastern Taiwan Health Insurance Bureau, Kaohsiung and Pingtung Health Insurance Bureau, Taipei Motor Vehicles Office, Northern Taiwan Motor Vehicles Office, Hsinchu Motor Vehicles Office,

Kaohsiung City Motor Vehicles Office, and Kaohsiung Motor Vehicles Office, etc.

➤ Service industry

Mainly providing printing and delivery services for direct mail (DM), marketing, and publicity.

4. New products (services) planned for development:

The service models of cloud computing include Infrastructure as a Service (IaaS), Platform as a Service (PaaS), Software as a Service (SaaS), Desktop as a Service (DaaS), etc. Of these, ITTS's greatest development potential and core competitiveness lies in SaaS.

ITTS's SaaS is divided into three layers of services:

- Platform services at the operation layer – emphasizing unified corporate processes

It mainly provides advanced scheduling management solutions combined with smart factory solutions, factory warehouse management systems, and order management systems to improve the accuracy of production scheduling.

- Business management layer – emphasizing the applications and services required for corporate management

Provide platform-based services that manage customers' business opportunities and effectively enhance corporate competitiveness and profitability as required by corporate management.

- Corporate operation layer – emphasizing strategic operation analyses

Focusing on carbon asset management system solutions, providing sustainable corporate management, enhancing operational sustainable development, seeking to integrate ESG into existing business models, strategies, products, and services, focusing on using sustainable transformation to enhance corporate value towards the goal of continuing operation.

ITTS plans to develop and apply platform services across the three layers of operation, management, and corporate operation in the future, including:

- Advanced scheduling management solution

Provide the overall supply and demand planning of the enterprise and different levels of production planning and scheduling solutions. Combine real-time on-site production data, synchronize production management and production information, and automate scheduling to reduce labor time and labor costs, reduce error rates, and improve efficiency and fast processing. Control the delivery time and on-site production to facilitate smooth production-sales collaboration, satisfy customer orders, and make full use of limited corporate resources.

- Customer relationship management

The system effectively grasps the needs of potential customers and business opportunities, and integrates pre-sales and after-sales closely through integration and automation to improve efficiency and increase the visibility of sales forecast and orders. It also greatly reduces the time required for report compilation and analysis to effectively improve the competitiveness of the enterprise and profitability.

- Carbon asset management system solutions

The system complies with carbon emission regulations. By connecting the upstream and downstream industry chains end-to-end, the comprehensive grasp of organizational carbon emissions and product carbon footprint can be combined with IoT technology to collect, record, and integrate factory equipment energy and system data for accurate and credible monitoring of carbon emissions. The system implements dynamic and visual management of equipment energy consumption, organizational carbon emissions, and product carbon footprints, and integrates ERP, CRM, and other systems with process automation to assist enterprises with effective carbon inventory, carbon right management, and energy conservation and emission reduction planning, and also assist enterprises in optimizing production processes, improving production efficiency, reducing costs, and creating a green and sustainable supply chain.

(II) Industry Overview

1. Industry status and development

Although the recurring pandemic outbreaks continue to affect the global industrial supply chain, national economies, driven by the incentives of various governments, are expected to continue to recover. Taiwan is relatively stable and benefits from the turbulent markets. With the continuous recovery of the global economy, the effect of more connected supply chains and clusters of investments in the local community gradually becomes clear. Overseas Taiwanese businesses have brought their investments back to Taiwan. With domestic and overseas businesses continuing to invest in Taiwan, the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, estimates that Taiwan's economic growth rate will exceed 4%. In addition, the Taiwan Institute of Economic Research predicts that the domestic economic growth rate this year will be 4.10%, driven by domestic demand.

In terms of international economic forecasts, according to the 2022 U.S. economic growth rate forecasts released by four international forecasting agencies, the U.S. economic growth rate is about 3.5–4.1%, which is the second best performance after 2021 since 2005, so the economy remains relatively strong. The economic growth rate of the eurozone this year is about 3.7–4.2%, which is the second best performance after 2021 since the establishment of the eurozone, so the economy remains relatively strong. In terms of production and business activities in China's market, as the manufacturing industry is affected by production recovery and improved supplier delivery time, the latest forecast by IHS Market in February

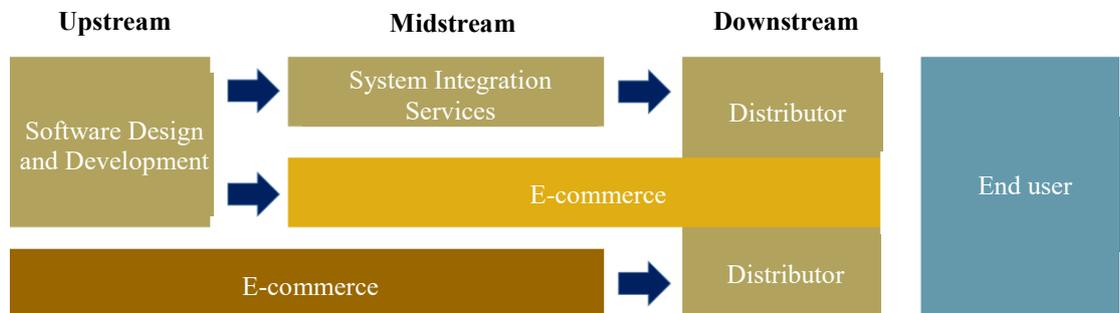
showed that China's economic growth rate in 2022 will be 5.33%. Of the recent international economic developments, Russia's invasion of Ukraine has resulted in rising tensions between Russia and Ukraine and worsened the short-term fluctuations in the global financial market, and the prices of international raw materials, gold, and food have soared, adding to inflationary pressures in the U.S. and Europe and the uncertainty of economic recovery.

With the development of cloud computing, big data, machine learning, and AIoT, digital transformation in every sector has become an irreversible trend. As per a research report by TrendForce, it is estimated that the global smart manufacturing market is expected to reach US\$450 billion by 2025, with a compound annual growth rate (CAGR) of 10.5%. Meanwhile, as per Forbes, 5G and edge computing, extended reality (XR) and metaverse, industrial internet of things (IIoT), predictive maintenance, robotics and cobots, etc., will accelerate the transformation of manufacturing into Industry 4.0. As for the ICT and software industries, Market Intelligence & Consulting Institute (MIC), Institute for Information Industry, has released a future trend observation report that in the face of the trend of digital transformation, businesses will invest more in information technology (IT). With the economic recovery, enterprises have begun to increase their investments in IT. The software and hardware have both grown significantly. As AI technology is becoming more developed, it may bring more opportunities for intelligent services and innovative business models. As enterprises are implementing anti-pandemic measures, anti-hacking has become more important. Enterprises are bound to change their original information security strategies and reinforce their information security resilience. In addition, the non-fungible token (NFT) craze will accelerate the development of the digital market. The 5+2 Key Innovative Industries policy implemented by the government aims to facilitate the development of six core industries, strengthen the independent and diverse key industrial technology application capabilities, and promote the adoption of smart technology in all industries, thereby facilitating the nation-wide industrial upgrade and transformation. It is estimated that an amount of NT\$7.6 billion will be invested to attract international companies in the fields of cloud, AI, and IoT to increase their investments in Taiwan, which is also expected to drive the growth of information service providers.

Building on the accumulated experience in and client base of the ERP services, ITTS will continue to provide ERP services to maintain its relations with existing clients while also providing emerging technologies and services. Targeting enterprises' needs for transformation, information security defense, and digital sustainability, ITTS, with more than 20 years of experience in information outsourcing services and business process outsourcing services, has not only developed new clients in existing fields, but also strengthened its strategic alliances with partners in different industries. We provide AIoT solutions, information security solutions, and cloud platform establishment and planning services to help companies jointly realize digital sustainability and adopt innovative technology applications.

2. Correlation between the upstream, midstream and downstream parts of the industry

The upstream, midstream, and downstream parts of the information service industry can be divided into application/system software design and development, system integration services, e-commerce, data processing services, distributors, etc. (as shown in the figure).



As ITTS is involved in application/system software design and development, system integration services, and data processing services, it spans the upstream and midstream parts of the industry.

Application/system software design and development companies are engaged in the business of application software in various fields; system integration service companies are responsible for the integration of hardware and software services and the provision of technical consulting services; e-commerce is a business transaction activity carried out using the Internet; data processing service companies provide services in the establishment of information for databases, retrieval and analysis services, website hosting, and other relevant businesses; distributors are engaged in agency sales of various software products.

- Application/system software design and development companies

These companies develop specific application/system software mainly to meet customers' operational needs, including application/software developed for specific industries, such as finance, medical care, and distribution, or special application/software developed based on functions, such as business intelligence (BI), enterprise resource planning (ERP), customer relationship management (CRM), and information security.

- System integration service providers

Software and hardware are established according to customers' specific operational needs, and the services provided range from front-end planning, design, execution, overall project management, consulting services, and information system integration services. System integration service projects mostly include different platforms and technologies. For example, for the development of systems and customized applications as well as integration of existing application software, due to the high degree of customization of system

integration, a contract must be signed for each project to define the specifications of each solution and the output performance of different layers, and the output of the final project is a complete system that meets the purpose and technological regulations as defined in the project contract.

- E-commerce

This refers to two parties conducting transaction activities and related services on computers through various networks. It is the digitization and networking of all links of traditional business activities. E-commerce includes order processing through the Internet, payment for goods made through the Internet, transmission of logistics information through the Internet, supply chain management, online marketing and transactions, business processing through the Internet, electronic data exchange, inventory management, automatic data collection systems, etc. At present, e-commerce has developed into three types of business models. First is to provide technology and platform to enterprises, called business-to-business (B2B) e-commerce services; the second type is to directly provide business services to consumers, which are carried out in online stores, called business-to-consumer (B2C) e-commerce services; the third is that buyers and sellers are individuals who conduct transactions through auction websites, and this model called consumer-to-consumer (C2C) e-commerce services. In B2B services, portal websites are used to provide a technical platform to store owners who do not operate online businesses. Store owners can use the technical platform to engage in online sales business, thereby saving software development and personnel costs. In B2C services, online stores operate their own platforms to provide general consumers with goods trading services. Online store owners need to operate their online platforms and the sales business at the same time, and they need to invest a relatively large amount of resources. C2C services allow buyers and sellers to conduct transactions through auction sites, which are intermediaries that facilitate transactions between the two parties and charge a small processing fee.

With the development of e-commerce, relevant cash flow services have also emerged. With the Act Governing Electronic Payment Institutions (third-party payment act) taking effect in May 2015, 2015 has become the “first year of mobile payments.” The current domestic mobile payment utilization rate exceeds 24%. The Financial Supervisory Commission (FSC) has also amended the information and security control measures for electronic payment institutions, which have been implemented since January 1, 2018. With the development of online credit deposit, collection and payment, account transfer, online and offline integrated payment services, as well as the scanning of QR codes of physical products using a mobile phone, the mobile phone has become a medium for payment, and third-

party payment accounts have become the back-end cash flow. The integration of logistics and cash flow has also created a key emerging development business for software companies. The overall mobile payment industry has begun to develop in the direction of “cross-border, cross-device, cross-scenario, and virtual and physical integration.” Thus, the barriers for mobile payment have been gradually lifted.

- Data processing services

This refers to data backup and recovery, repeated data backup, and provision of website hosting services. Because a computer system is composed of many components, any component failure may cause data damage or loss, which will destroy data that has been created over a long time, and both natural disasters and man-made damage may cause the system to crash or fail. Therefore, data processing services are a necessary part of maintaining corporate information security, and the demand for information security promotes the opportunities for corporate information security solutions. In recent years, with the maturity of cloud technology and the long-distance business opportunities brought about by the pandemic, enterprises have gradually increased their awareness of and demand for cloud services. Data backup has become the most popular option either on premises, in the cloud, or through a database set up in the cloud.

- Distributors

Distributors provide the sale of packaged software, including business software, development software, office application software, etc., on behalf of domestic and foreign brand owners. They also provide customers with related software education and training to help customers and consumers use the software they sell.

Overall, there are thousands of computer system software service companies in Taiwan, which can be further subdivided into the software service industry, system integration service industry, and other system design service industry. Among them, the computer software service industry accounts for about 90%, in which system integration is the main business. In an age where software has gobbled up the world, all industries need software. Whether it's Internet innovation, game software, or mobile apps, considerable software service development is required. However, the software industry in Taiwan is small in scale, and it is difficult for many cross-domain integrations, including those of the electronics industry, medical care services, financial services, etc., to develop due to the small size of the market.

The international giant Microsoft established an AI R&D Center in Taiwan, focusing on AI technology research and industrial application development, including the three major aspects of the SwiftKey intelligent keyboard for

Chinese characters, audience intent recognition, and AI vertical industrial applications, to focus on the vertical integration of the AI industry, as Taiwan's manufacturing industry is an industry on which the R&D center puts great emphasis. In addition, the upgrade of traditional industrial services in the future will also require software, but Taiwan's software talent is limited, and the government needs to actively promote the integration of software and hardware, guide the innovation of the software industry, and integrate the software industry with the hardware industry to leverage the existing advantages. Only then will Taiwan be able to form a considerable industrial scale.

3. Various product development trends

ITTS's main product currently lies in ERP integration planning services, and through the existing customer stickiness to the ERP services, it will assist corporate clients in developing the following services:

- Development of e-procurement services for suppliers
- Development of smart factory services, factory warehousing management services, and distributors' inventory management services for R&D, production, and distribution
- Development of travel expense management services, customer business opportunity management services, and catering purchase, sale, and inventory platform services for internal audit and control
- Development of order management services, electronic receipt platform services, intelligent customer service services, and diversified meal ordering services for end customers
- Development of various big data analysis services, such as sales analysis, financial analysis, production analysis, and cloud coordination and control center services for high-level decision-makers
- Information security consulting and planning services, including information security review, information security inspection, information security monitoring and troubleshooting, as well as information security protection services
- Cloud migration services and cloud services, such as application systems, system establishment, big data business intelligence in the cloud (cloud establishment), and providing self-developed products (such as cloud customer service or supplier management platform) in the form of SaaS and PaaS (equipment cloud) for subscription.

4. Competition

The status quo of Taiwan's information service and software industry shows a trend of competition and collaboration between local players and foreign companies. On the whole, this industry has laid a certain foundation. Companies in this regard

have accumulated extensive experience and expertise in their own fields, and can accurately grasp and provide solutions that meet users' needs. However, the barriers to entry are not high, and companies are concentrated in a few niche markets, resulting in fierce competition.

Due to the impact of the pandemic, the acceleration of digital transformation has brought about new development opportunities for the information service industry. The ICT vertical industry chain is competitive while cooperative. The upstream and downstream suppliers are close technological and business partners with each other. Only through strategic alliances will the partnerships create maximum benefits.

(III) Technology and R&D overview

1. In terms of technology and R&D, in response to cloud and IoT services, ITTS's SaaS has the most potential for development and is also where its core competitiveness lies. ITTS's SaaS intelligent information service platform is divided into three layers of services, namely the operation management layer with an emphasis on the standardization of the processes of enterprises; the business management layer, which focuses on the applications and services required by the management of companies; and the corporate operation layer with a focus on strategic operation analysis.

ITTS plans to develop the following platform services in the future:

- Advanced scheduling management solution
By combining the real-time on-site production data, the production management and production can be synchronized, so that the production and sales can be smooth. This can save manual scheduling time, reduce the error rate, improve efficiency, and quickly grasp the delivery time and on-site production.
- Customer relationship management
By effectively grasping the needs generated by potential customers, and converting business opportunities with clear needs and possibilities of proposal and quotation into opportunities, efficiency is improved, visibility of sales forecasts and orders is increased, and the time required for report compilation and analysis is greatly reduced.
- Carbon asset management system solutions
 - Corporate Carbon Inventory - Assisting companies in collecting data from on-site equipment and monitoring devices; also, providing greenhouse gas emission reports.
 - Product Carbon Footprint - Connect the upstream and downstream industries to comprehensively grasp the product carbon footprint.
 - Carbon Assets Management - Visually manage equipment energy consumption, organizational carbon emissions, and product carbon

footprint information to help companies reduce costs and optimize production processes.

- Carbon Trading - Realize carbon trading inside and outside the enterprise, formulate emission reduction plans, continue to build a green supply chain, and assist enterprises to move towards net zero emissions.

2. R&D personnel and their education and experience

Unit: person

Academic qualifications		2021		2022		March 31, 2023	
		Number of people	%	Number of people	%	Number of people	%
Academic degree distribution	Doctoral Degree	-	-	-	-	-	-
	Master's Degree	3	30%	3	30%	3	30%
	Bachelor's Degree	6	60%	6	60%	6	60%
	Below Bachelor's Degree	1	10%	1	10%	1	10%
	Total	10	100%	10	100%	10	100%
Average service length (years)		5.3		6.4		6.7	

3. R&D expenses invested each year in the past five years

Unit: NTD thousand

Item/Year	2018	2019	2020	2021	2022
R&D expenses	1,610	6,815	6,525	8,832	9,499
Net operating revenue	1,217,463	1,227,636	1,230,637	1,325,626	1,330,274
Ratio of R&D expenses to net operating revenue (%)	0.13	0.56	0.53	0.67	0.71

Note: The Company has split up a dedicated R&D department since 2018

4. Technologies or products successfully developed in the last five years

Year	R&D outcomes	Description of main benefits
2018	Electronic invoice value-added center services	<ul style="list-style-type: none"> ➤ Real-time and accurate data concatenation and upload ➤ Compliance adjustment and synchronization of update in cloud ➤ Customization of invoice column ➤ Training consulting service to safeguard customers' rights
2019	Smart cloud maintenance and repair services	<ul style="list-style-type: none"> ➤ Health prediction and preventive maintenance and repair warnings are activated through IoT and AI technology ➤ Smart dispatching cloud with the matching function triggered automatically allows maintenance and repair personnel to receive

Year	R&D outcomes	Description of main benefits
		<p>orders at once</p> <ul style="list-style-type: none"> ➤ Maintenance and repair history data analysis can provide immediate feedback to rectify predictive analysis models ➤ Proactive preventive maintenance and repair to effectively enhance customer experience
2019	Smart warehouse management system	<ul style="list-style-type: none"> ➤ Through a highly flexible system architecture, storage location planning, work-in-process control, mobile management, and other functions, transparent, real-time, and information-based smart warehouse management is realized. ➤ Reduced inventory obsolescence rate ➤ Increased warehouse turnover rate ➤ Synchronize data in real time (synchronized with SAP) ➤ Improved utilization of storage space
2019	Smart manufacturing and execution system for the electromechanical industry	<ul style="list-style-type: none"> ➤ Various management modules can be purchased flexibly according to enterprises' needs ➤ From the operational technology (OT) layer to the IT layer, production machine information is quickly retrieved, compiled, and sent to systems ➤ Provide the analytical capabilities required for real-time manufacturing, perfectly linking equipment, people, operations, and supply chains ➤ Solve the production management problems of people, machines, materials, methods, environment, and measurement in a single instance
2020	Supply chain management platform (SCM) – supplier delivery management system (DMS)	<ul style="list-style-type: none"> ➤ Provide a collaborative platform, allow the central plants and suppliers to work on purchase orders in this management platform ➤ Information is more transparent, communication is smoother, and delivery is more accurate ➤ Through the integration of purchase orders on the SAP system, suppliers can begin operations on this platform according to the workflow
2021	Supply chain management (SCM) platform – supplier e-procurement management (ePM) system	<ul style="list-style-type: none"> ➤ AI predictive analysis of price trends in the raw material market ➤ Supplier evaluation management ➤ Traceability of historical records of invitations to bid ➤ Purchase requisition without Part No. in cooperation with the design unit ➤ Automatic price setting and inquiry of a system for materials with large price fluctuations

(IV) Long- and short-term business development plans

1. Short-term business development plan

In the future, smart and digital transformation will be the overall development trend of enterprises. 2019 was a year in which the development of AI thrived with a greater focus on the application of machine learning in various fields. In 2020, ITTS adopted the increase in revenue and net profit as its top priority. Therefore, ITTS not

only continued to develop new customers, but also actively transformed to a new business model by shifting from project-based to platform-based services in order to create stable and continuous performance and revenue.

In addition to continuing its original service areas and striving to grow, ITTS will expand into the innovative IoT-related fields of smart factories, AI, smart logistics, smart customer service, and smart catering, while developing cloud applications and providing professional information security solutions and consulting services.

1. New operating models: Provide smart cloud platform solutions and adopt subscription-based services, including:
 - Expand RISE with SAP ERP cloud services (SAP comprehensive business transformation solution)
 - Provide our own supply chain management (SCM) system and a cloud MES market SaaS solution on a monthly rental basis
 - Provide information security and AI customer service SaaS solutions on a monthly rental basis
2. New products or new services: Act as an agent or form alliances for cloud and information security/AI products to provide cloud establishment and security protection services, including:
 - Act as an agent to sell Google products and provide Google Cloud Platform (GCP) solutions
 - Form alliances with automation manufacturers to develop smart medical business opportunities
 - Act as an agent for AI-based facial recognition systems to create business opportunities arising from people flows, access control, and occupational safety
3. New markets: Act as an agent for AI-based facial recognition systems to create business opportunities arising from people flows, access control, and occupational safety, including:
 - Expand GCP solutions to existing e-commerce and ERP clients
 - Enter the customer service and information service markets in Southeast Asia
 - Expand ERP into the auto parts businesses in the southern industrial parks
4. R&D: Combine industry–academia–research resources to develop our own product cloud solutions, including:
 - Research and develop production line (metal or electromechanical) AI image recognition solutions
 - Research and develop procurement cost AI prediction module solutions
 - Strengthen SCM, MES, warehouse management solution (WMS) core module solutions
 - Establish our own product cloud market/public cloud SaaS solutions
 - Develop order placing solutions with a digital output function
2. Long-term business development plan

With the rise of emerging technologies, such as IoT and AI, ITTS has developed innovative applications, including smart manufacturing, smart logistics, and smart catering solutions in response to these emerging technologies, and has successfully helped customers launch systems, which has helped develop the

reputation of ITTS.

In terms of services, ITTS already possesses interdisciplinary experience in technological services and integration capacity, and currently continues to enhance professional service capacity for emerging technology applications. It also forms alliances with outstanding global partners to expand sales from Greater China and the Asia-Pacific region to the world, to increase the reach of its leading technological services and in turn create competitive advantages for customers. The industries ITTS's customers are from range from the government and public sector, finance, manufacturing, high-tech, telecommunications, and logistics to retail.

Looking ahead to the next 5 to 10 years, ITTS will continue to develop innovative applications and services related to IoT, AI, and cloud applications from the perspectives of new business models, new products or services, new markets, and R&D, to create competitive advantages for customers and investment value for shareholders.

II. Market and sales overview

(I) Market analysis

1. Sales regions for the main products

Unit: NTD thousand; %

Region of sale		2021		2022	
		Amount	Percentage (%)	Amount	Percentage (%)
Domestic sale		1,186,821	89.53	1,235,525	92.88
Export	Asia	83,569	6.30	61,597	4.63
	Europe	10,279	0.78	10,276	0.77
	Americas	33,358	2.52	12,352	0.93
	Other regions	11,599	0.87	10,524	0.79
	Subtotal	138,805	10.47	94,749	7.12
Total		1,325,626	100.00	1,330,274	100.00

Note: Other regions include Africa and Oceania.

2. Market share

The Company is a professional information service provider. It mainly provides IT process and business process services. It has developed the market for many years

and its turnover has grown year by year. In terms of market share, as there are many service providers in the market, the scope of business is different. There are currently no effective statistics, so there is no fair and objective market share data. The industries in which ITTS's successful examples of customers operate are as follows:



3. Demand and supply conditions for the market in the future

The acceleration of digital transformation has ushered in the new era of “Digital First”, which has expanded the influence of digital technologies on the production and consumption of goods and services. IDC estimated that, in 2023, more than 52% of global GDP will be generated from digital transformation and investment in digital technologies and that at least 65% of GDP in the Asia Pacific region will be contributed by digital technologies. In addition, due to the impact of the pandemic, enterprises are accelerating the progress of their digital transformation initiatives to move more of their services and applications to the cloud, which has also caused ubiquitous threats to information security. With the global concern for corporate sustainability issues, more enterprises are investing in digital technology to realize environmental sustainability, and new services provided are gradually moving toward a sustainability-as-a-service (SaaS) model that offers a win-win outcome in terms of technological innovation and low-carbon economy.

Affected by COVID-19, more than 1 billion people around the world have worked from home. According to a study conducted by the Industrial Economics and Knowledge Center, Industrial Technology Research Institute, the post-pandemic new normal has led to more new business opportunities. In the next four years, 30% of job opportunities will be provided remotely or in a hybrid manner. Meanwhile, 40% of physical business experiences or activities will be replaced by virtual experiences. In other words, many technologies and business models will be produced.

To sum up, the development of new technologies and the influence of the pandemic have accelerated the urgent market demand for digital transformation by 10 years, and the trend will not stop even after the pandemic. International organizations also estimate that it will create business opportunities of more than US\$800 billion by 2025 at least in the Asia-Pacific region.

4. Competitive niche

At present, information service companies engaging in business similar to ITTS include Systex Corporation, Wistron ITS, ARES International Corp., and Sysage Technology Co., Ltd. Each of these companies has different operating outcomes based on its own technology, business philosophy, and product characteristics. ITTS focuses on product quality, product certification, technological services, and product innovation, with a competitive advantage over its competitors.

- Key technology or service model

- ERP services

ERP is an enterprise resource planning system that uploads and integrates a company's accounting, manufacturing, purchase, sales, and inventory data to achieve better operational planning for the company. ITTS is well versed in the business processes in the manufacturing industry and is familiar with SAP series software. It assists customers in adjusting to international best practices and provides complete ERP life cycle management. Indicative customers include Delta, TECO, Chimei Corporation, TSRC Corporation, and Innolux Corporation.

- **Compared with NTT, SAP, and other large agencies, ITTS is the only provider that can provide remote data backup and historical data archiving services at the same time**

- Enterprise e-services

ITTS provides Infra network design and maintenance services, application software (such as human resource management, office automation (OA) and warehouse management system (WMS)) development and maintenance services, and cloud platform services (such as Microsoft Azure SaaS services, and SAP cloud platform services).

- Software application development and customization services: ITTS plans and provides storage space allocation planning, work-in-process control, and mobile management, and other functions to realize transparent, real-time, and information-based smart warehouse management for customers in the manufacturing industry. An indicative customer is TECO-Westinghouse Motor Company in the USA.

- **Integrate smart glasses to develop exclusive smart warehouse applications and remote maintenance and repair services**

- Information technology infrastructure library (ITIL) information security and network certification training outsourcing services: ITTS has created

some achievements in the operating process of national defense systems, and one U.S. contractor has outsourced its client's internal ITIL operating process to ITTS for nine consecutive years. Meanwhile, we were commissioned by another U.S. contractor for information security and cyber training in 2020.

- Customer service center outsourcing services
 - Telephone customer service outsourcing: Provide professional telephone customer service personnel and equipment to assist in handling consumer services related to corporate clients' products. Indicative customers include Samsung Electronics, 3M Enterprise Ltd., and the Ministry of Health and Welfare.
 - Physical customer service outsourcing: Provide professional service personnel consulting and physical customer service outsourcing services, which are deeply favored and trusted by shopping malls. Indicative well-known customers include E-DA Theme Park, Mitsui Outlet Park, and Dream Mall for the establishment and training of shopping mall customer service teams. Among them, Dream Mall has outsourced its customer service for 11 years.
- Representative awards
 - **Ranked first in the reception service of shopping malls in Taiwan by Global Views Monthly**
 - **Rated "very satisfied" with the Department Store Customer Service in the Dream Mall Mystery Shopper Evaluation**
- Postal information integration services
 - Mail room process outsourcing services: From the management and control of the mail-in and -out process, postage accounting management, to bill printing outsourcing service, ITTS has developed an **exclusive mail sending and receipt network technology application system** to assist in managing postage, the delivery process of physical mail, etc., using the system. ITTS is **the only provider in Taiwan that can provide both manpower and systems for postal outsourcing**. Indicative customers include a foreign bank (for more than 10 years) and high-quality domestic banks.
 - Bill printing outsourcing services: ITTS can monitor and manage the entire outsourcing process (from data processing, typesetting, printing and sealing, customized marketing to bill delivery to end customers of corporate clients). Indicative customers are from various industries, such as the telecommunications and financial industry, information and communications service industry, government agencies (local motor vehicle offices across Taiwan).
- Applications and services for IoT innovation and development
 - Smart logistics application services:
 - ◆ **ITTS has launched the first AIoT communication and command center to introduce AI image recognition technology to Taiwan**

Pelican Express's home delivery communication control center.

Through the architecture of the Internet of Vehicles, the status of vehicles on the road of the logistics team can be identified in real time, to help the company complete the integration of people, vehicles, goods, and routes. Based on AI analysis, a cost reduction of more than NT\$5 million per year has been achieved. ITTS has pioneered the application of AI technology in the logistics industry.

- ◆ By adopting AI image recognition, wireless positioning technology, map information system, and cloud platform technology, we have developed a smart warehousing flow management system to help clients improve the efficiency of the operations into and out of warehouses and personnel management, thereby achieving the goal of smart logistics.
- Smart factory application services: ITTS works with Advantech to create perfect smart factories. With Advantech's WISE-PaaS architecture, we have developed production schedule management, quality management, equipment management, and other I.Apps in response to market needs for modularization. We also use modular, lightweight, and plug-and-play smart MES to seamlessly and quickly retrieve production machine information and to analyze the information on monitoring personnel, equipment, and processes in real-time from the OT layer to the IT layer, to completely keep abreast of the production status and provide manufacturers with visualized reference for real-time decision-making.
- Smart catering application services
 - In 2011, ITTS first proposed a project to establish a smart store for MOS Burger to embrace social community through mobility in response to the Establishment of Smart Store in the Circulation Service Industry Point Project of the Department of Commerce, and assisted MOS Burger in applying both mobile commerce and social community technology.
 - In 2020, due to the pandemic, the catering industry was severely impacted. **ITTS assisted MOS Burger in building a self-service meal delivery platform**, and linked and integrated the order system to help MOS Burger make up for the losses during the outbreak by means of the delivery market.
 - The above-mentioned customers' loyalty is very high. All of them regard ITTS as a long-term partner, and renew maintenance and operation contracts annually based on the SLA and KPIs. ITTS has annual fixed maintenance income in addition to the revenue from one-time system introduction projects.
- Market positioning
 - ITTS focuses on the introduction of manufacturing systems as the only major agent that can provide both remote data backup and historical data archiving services.
 - ITTS is the only information service provider that focuses on the electromechanical, automotive components, and manufacturing industries.

- ITTS's corporate mission is to "use leading technology to create customer value and pursue sustainable growth." With the vision of "assisting enterprises in digital transformation with smart, platform and IoT services," ITTS will continue to develop applications and services related to IoT and AI from the perspectives of new business models, new products or services, new markets, and R&D while extending the sales to Greater China, the Asia-Pacific region, and the world through innovative technologies and services.
- Brand distribution channel development
 - ITTS positions itself as an AI platform service provider, with the mission of assisting enterprises in digital transformation through its AIoT, cloud platform, business innovation e-service. Meanwhile, it provides industry-specific solutions and services in manufacturing, catering & retail distribution, logistics and transportation, and telecommunications and finance in the select markets of Greater China, the U.S., Japan, and Southeast Asia.
 - Strive to thrive during the development period – enhance the foundation and extend the reach with its parent group as the springboard
ITTS is one of TECO's investees; in 1999, TECO separated its IT department, and ITTS signed an information service outsourcing contract with its parent group TECO. ITTS mainly provides information technology service (ITS) and business process service (BPS). ITS includes ERP integration planning and corporate information projects, while BPS includes customer relationship management and postal data integration. ITTS has grown rapidly under the TECO Group. After becoming well versed in the catering, manufacturing, and logistics industry processes, with the take-off of cloud technology, ITTS has worked to develop innovative AIoT services, and the large business body of the TECO Group can help ITTS accumulate a great deal of practical experience in project services.
 - Strengthen the business during the stable development period – develop a reputation and build an image of professional consultant in manufacturing
Owing to the advantage of starting out in the field of manufacturing, ITTS has the opportunity for long-term collaboration with the manufacturing industry. It has also made ITTS the only information services provider in the industry focusing on electromechanical, automotive components, and manufacturing industries. Benefiting from the huge demand for smart manufacturing in Industry 4.0, optimizing the production process for the manufacturing industry will create an irreplaceable advantage for ITTS. In addition to continuing to strengthen the relationship with target customers through services, ITTS interacts with customers through sharing information on the development of technology, successful case introduction, and seminars on the latest trends to grow together.
 - Expand business during the take-off period – collaborate with original

equipment manufacturers and media to increase the reputation of the brand. In addition to maintaining interactions with customers, ITTS has maintained good relations with original equipment manufacturers, and works with original manufacturers (such as Cisco, Dell, and the original ERP manufacturer SAP) to enter markets together while interacting with potential customers across different fields by participating in large events organized by original manufacturers (such as the annual SAP Forum organized by SAP).

In addition, ITTS has actively established relationships with the media after being listed on the Taipei Exchange, and regularly provides press releases to give information on its solutions to investors and to reach potential customers. Since the first half of 2021, it has published more than 400 news reports. The information includes smart manufacturing solutions, partnership with the GCP, exhibitions and seminars, and other media exposure, as well as the publication of successful cases and professional technology development news and IoT solutions, to quickly shape a corporate image of being a consultant and expert with stable business.

The Company also sponsors mainstream media (e.g. the Digitimes) that is readily accessible to target customers, and co-organizes events with the media (such as the Smart Factory Forum) to reach out to potential new customers.

5. Favorable, unfavorable factors for the development vision and countermeasures

- Favorable conditions

- With the rise of new platform economy, big data, AI blockchain, Industrial Internet of Things, etc., application system development and services have become the focus. ITTS has the capabilities in application system development and services.
- The proportion of profit from the global and Taiwan platform services continues to rise, and ITTS has platform operation experience.
- The ERP market continues to grow in Taiwan, and there is a great deal of demand for the introduction of the system for automotive components.
- Industry 4.0 drives the demand for MES and ERP.
- Affected by the pandemic, companies' production capacity decreased due to the suspension of work, which has facilitated a gradual increase in the demand for IoT.

- Unfavorable conditions

- Increase in basic wages leads to an increase in personnel expenses
Countermeasures: Review the technical structure of personnel to strengthen the use of manpower and carry out cost control
- Difficulties in recruiting talent

Countermeasures: Improve the Company’s brand image and visibility through industry–academia collaboration with domestic universities or through social platforms and media to attract talent.

- Insufficient visibility in the international market

Countermeasures: Engage in mergers and acquisitions or add new operating bases overseas, to increase collaboration with international companies so as to increase visibility.

(II) Important uses and production processes of main products

1. Important uses of main products:

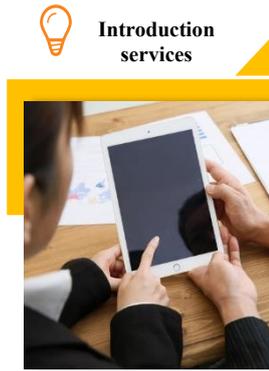
Product category	Main use and function
ERP services	Provide ERP life cycle management services, including business process planning, application software introduction, post-launch maintenance services (application software and systems), and SAP system management services.
Enterprise e-services	Provide Infra network design and maintenance services, application software (such as human resource management, office automation (OA) and warehouse management system (WMS)) development and maintenance services, and cloud platform services (such as GCP, Microsoft Azure SaaS services, and SAP cloud platform services).
AIoT services	Provide application services for smart catering, smart logistics, and smart factories. Provide business intelligence, smart communication room, and predictive analysis services at the same time for said smart services.
Customer relationship management service	Integrate smart cloud customer service to introduce automatic repair reporting service robots; provide customer service center establishment consulting services, customer service system establishment planning, MS D365 CRM introduction services, inbound and outbound telemarketing services, sales order services, and membership services, etc.
Postal information integration services	<ul style="list-style-type: none"> ● Mail room process outsourcing services: From the management and control of the mail-in and -out process to postage accounting management ● Bill printing outsourcing services: Monitor and manage the entire process (from data processing, typesetting, printing and sealing, customized marketing to bill delivery to end customers of corporate clients).

2. Production process: Classification is conducted according to different products, and the production process is briefly described as follows.

The outsourcing services provided by ITTS are mainly divided into the following three production processes:



From the perspective of business operations, ITTS provides professional ITO or BPO consulting services.



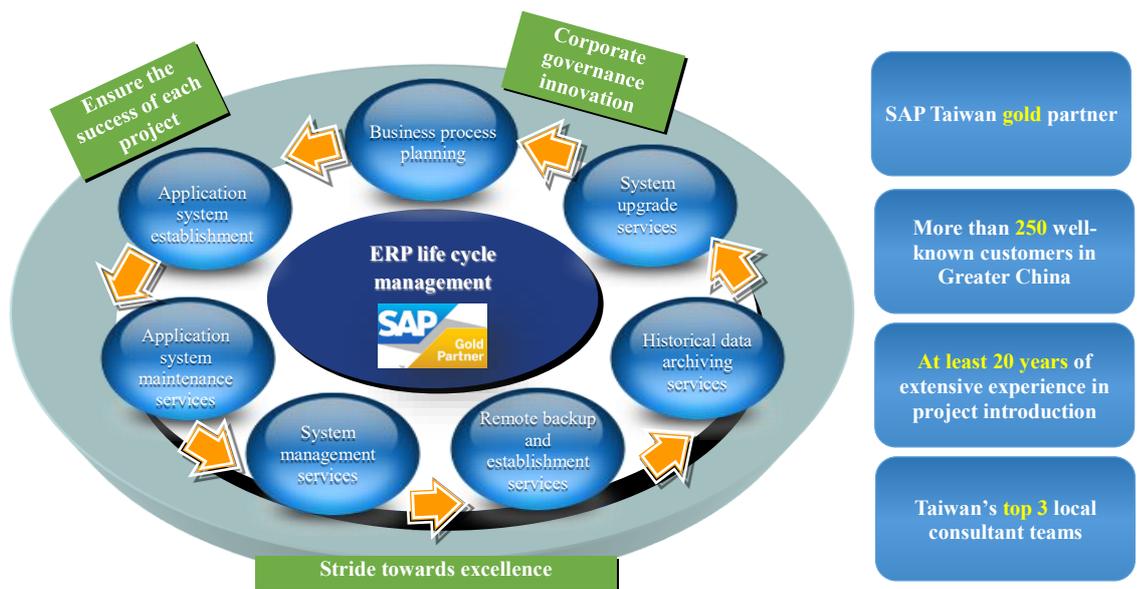
Through the introduction of international standards, ITTS customizes professional introduction services for enterprises.



In addition to assisting companies to effectively introduce and launch projects, ITTS provides professional and considerate after-sales service to companies, so that they will have no concerns about the subsequent problems in the future.

The following is a description of each product line:

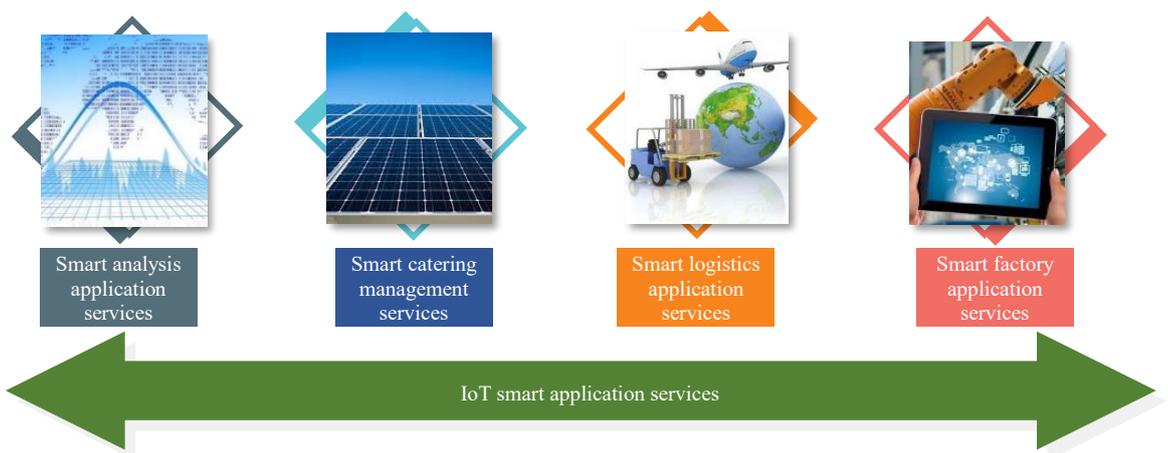
- ERP services



- Enterprise e-services



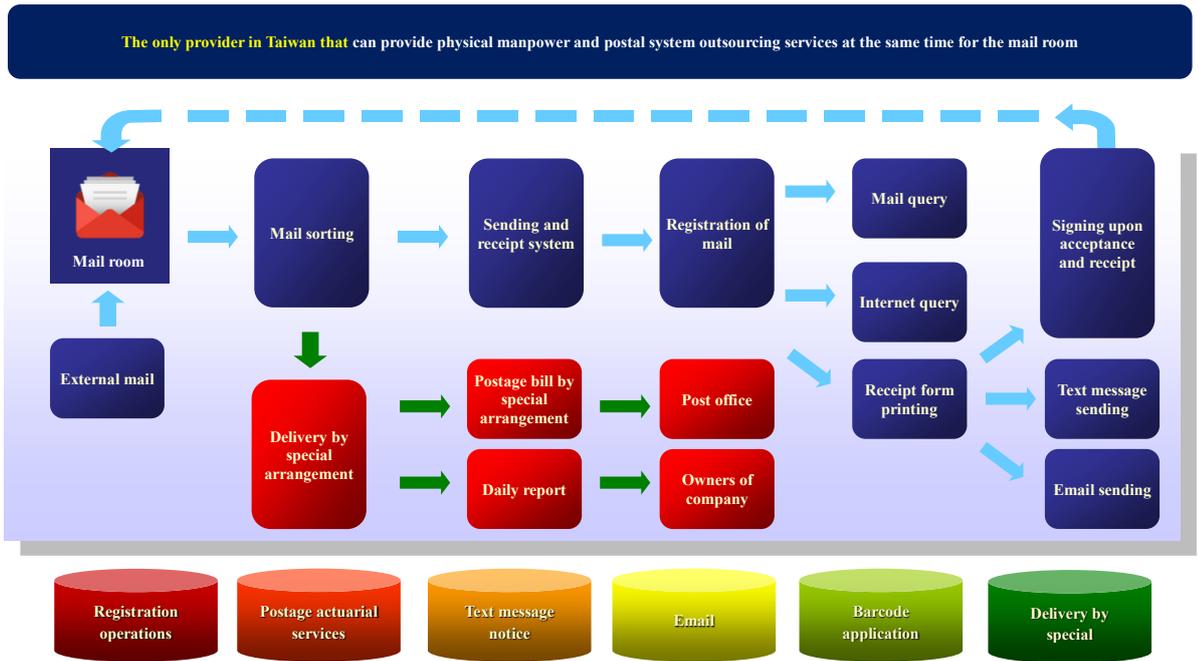
● AIoT services



● Customer relationship management service



- Postal information integration services – mail room process outsourcing services



- Postal information integration services – bill printing outsourcing services



Safeguard the security of customers' documents

3. Supply status of main materials

Main materials	Supplier	Supply status
Software purchase	SAP Taiwan Co., Ltd.	Excellent
Hardware purchase	Tatung System Technologies Inc.	Excellent
Material purchase	Yuen Foong Paper Co., Ltd.	Excellent

4. The name of each customer that has accounted for more than 10% of the total purchases (sales) in any of the last two years, the purchase (sale) amount and percentage, and the reasons for increase or decrease:

(1) Major supplier

Unit: NTD thousand

Item	2021				2022			
	Name	Amount	Percentage of total annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of total annual net purchases (%)	Relationship with the issuer
1	Supplier A	233,935	29.30%	Non-related party	Supplier A	170,274	19.53%	Non-related party
	Others	564,598	70.70%		Others	701,414	80.47%	
	Net purchase amount	798,533	100.00%		Net purchase amount	871,688	100%	

Reasons for increase or decrease: The Company's changes in the amount of purchases from the above-mentioned suppliers are mainly due to changes in customers' products and the market demand, and the changes are reasonable.

(2) Major customer

Unit: NTD thousand

Item	2021				2022			
	Name	Amount	Percentage of total annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of total annual net sales (%)	Relationship with the issuer
1	TECO Electric & Machinery Co., Ltd.	164,135	12.38%	Parent company	TECO Electric & Machinery Co., Ltd.	228,857	17.20%	Parent company
	Others	1,161,491	87.62%		Others	1,101,417	82.80%	
	Net sales	1,325,626	100.00%		Net sales	1,330,274	100.00%	

Reasons for increase or decrease: The changes in the sales to the Group's customers are mainly based on the increase or decrease due to different projects undertaken, and the changes are still reasonable.

5. Production value table for the last two years

Unit: Page/Piece; NTD thousand

Production value Main products (or segments)	Year	2021			2021		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Information technology outsourcing		Not applicable for non-manufacturing industry		711,354	Not applicable for non-manufacturing industry		609,926
Customer relationship management		Not applicable for non-manufacturing industry		179,641	Not applicable for non-manufacturing industry		239,497
Postal information integration		149,200	70,900	242,331	149,200	73,700	297,503
Total		149,200	70,900	1,133,326	149,200	73,700	1,146,926

Note: Due to the nature of the business, quantity cannot be used as the unit for calculation.

6. Sales value table for the last two years

Unit: Page/Piece; NTD thousand

Sales value Main products (or segments)	Year	2021				2022			
		Domestic sale		Export		Domestic sale		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Information technology outsourcing		Note	735,890	Note	138,805	Note	669,372	Note	94,749
Customer relationship management		Note	203,897	Note	-	Note	304,518	Note	-
Postal information integration		70,900	247,034	-	-	73,700	261,635	-	-
Total		70,900	1,186,821	-	138,805	73,700	1,235,525	-	94,749

Note: Due to the nature of the business, quantity cannot be used as the unit for calculation.

III. Employees

	Year	2021	2022	March 31, 2023
Number of employees	Manager	13	5	5
	General employees	321	318	317
	Production line employees	23	21	24
	Total	357	344	346
	Average age	38.3	38.7	
	Average service length (year)	5.63	6.1	
Academic degree distribution (%)	Doctoral Degree	-	0.3%	0%
	Master's Degree	12.9%	10.4%	9.8%
	Associate Degree	76.4%	78.2%	79.5%
	Senior High School	10.4%	10.8%	10.7%
	Below Senior High School	0.3%	0.3%	0%

IV. Information on Environmental Expenditure

In the most recent year and as of the publication date of the prospectus, where the Company

has suffered losses due to environmental pollution, disclose the estimated amount that has been incurred at present and may be incurred in the future and countermeasures: N/A.

V. Labor-Management Relations

(I) Specify the Company's various employee benefit measures, continuing education and training, pension systems and the implementation, as well as the labor-management agreements and various measures for protecting employees' rights and the interests

1. Employee benefit measures and implementation

The Company's various benefit measures are provided in accordance with the Labor Standards Act, Labor Insurance Act, National Health Insurance Act, and other relevant laws and regulations. The Company's leave policy is superior to the provisions of the Labor Standards Act, and employees are insured by group insurance, and the coverage includes accident insurance, accident medical insurance, hospitalization medical insurance, and occupational accident insurance, and regular free health examinations. In order to improve employees' welfare, the Employee Welfare Committee has been established to coordinate all employee welfare matters, including allowances for marriage, funerals, hospitalization, childbirth, employee travel, etc., and to organize various events from time to time to take care of employees' lives.

2. Employees' continuing education and training

The Company's employee education and training measures aim to train the professional knowledge and skills for employees so that they can perform their functions, increase work efficiency, and ensure work quality in order to achieve the Company's goal of sustainable operation and development. The Company provides diverse training courses and a variety of professional on-the-job education and training, including new employee orientation, on-the-job training courses, labor safety and health education and training, professional courses, and various job-related expatriate training courses to enhance employees' professional capabilities and core competitiveness while strengthening their complete training and continuing education channels.

3. Pension system and implementation

(1) For employees who are subject to the provisions of the Labor Standards Act, the Company has settled the labor pension reserve account in 2017.

(2) For employees who are subject to the provisions of the Labor Pension Act, the Company contributes 6% of each employee's salary to the individual pension account on a monthly basis.

(3) In addition, subsidiaries contribute the relevant retirement benefits in accordance with the laws and regulations of the countries where they are located and recognize them as an expense for the current year.

4. Labor-management agreement

The Company's various regulations are based on the Labor Standards Act. The Company attaches great importance to employees' opinions, and communicates with employees in a two-way and open manner. The internal communication channels are smooth so as to maintain a positive and harmonious interaction between labor and management.

5. Protection measures for employees' rights and interests

The Company has established comprehensive regulations to protect employees' rights and interests, and regularly reviews and upgrades various benefit measures to ensure the complete protection of their rights and interests.

(II) In the most recent year and as of the publication date of the prospectus, where the Company has suffered losses due to labor disputes, disclose the estimated amount that has been incurred at present and may be incurred in the future and countermeasures:

N/A.

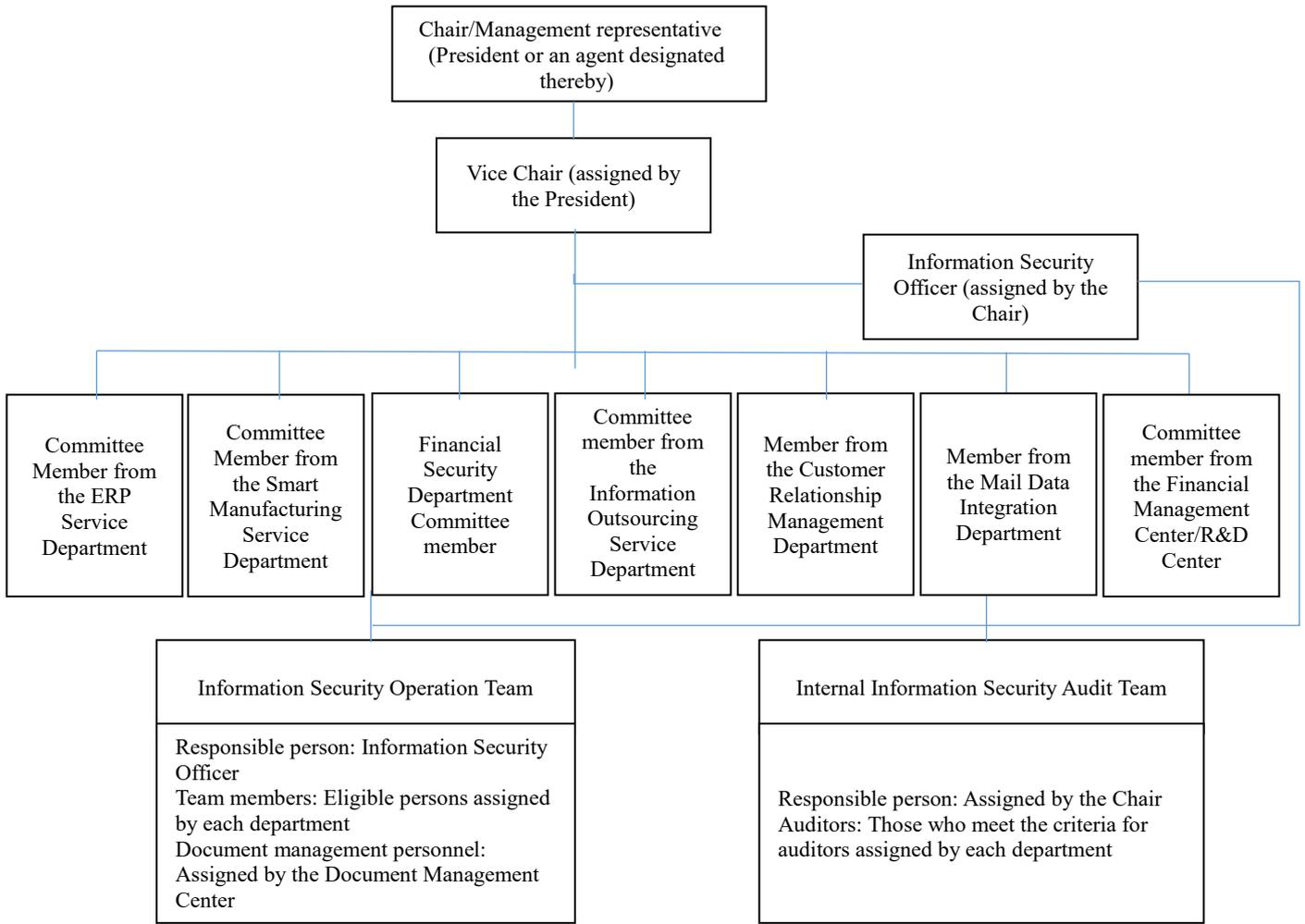
VI. Information and Communication Security Management

(I) Information and communication management strategy and structure

1. Information security risks management framework

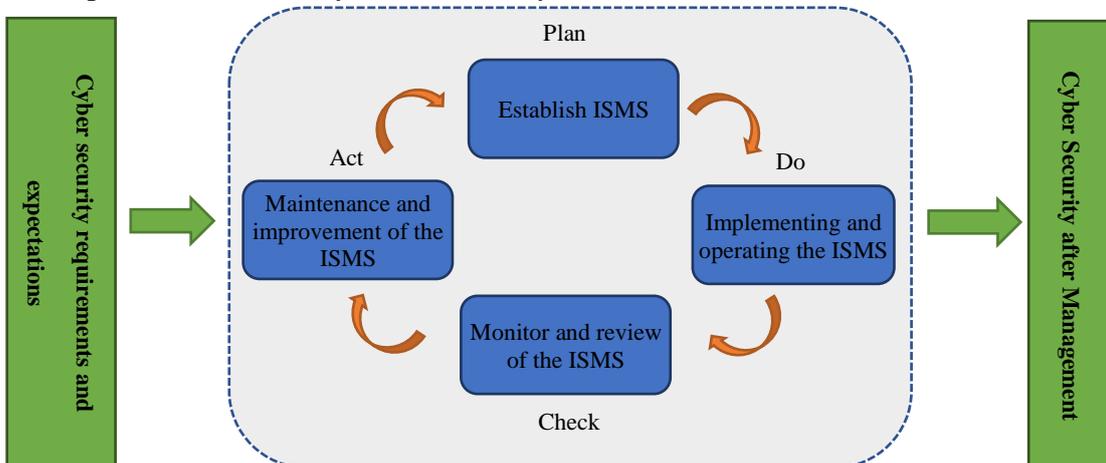
To maintain the effective implementation of the information security management system, the Company has established an Information Security Committee to guide the Company's information security development direction and show the management team's support. The Information Security Committee comprises of the Information Security Maintenance Team, Information Security Audit Team, and Personal Information Protection Management Executive Team. These members review the relevant management system and audit the implementation at least once a year, and report the performance of information security management to the top management.

Organizational structure of the Information Security Committee:



2. Information Security Governance System

In order to maintain the sustainable operation of the Company's business, strengthen the information security management system (ISMS), the Company has in 2009 acquired ISO 27001 Information Security Management international certification. Each year, a third-party certification institution will conduct the verification review. This is to ensure the confidentiality, integrity, and availability of information assets, and enhance the reliability of information processing facilities and network systems, as well as increase employees' awareness of information security while reducing the risks during business operations effectively and reasonably.



3. Specific management plans

Avoid possible risks and harm to the Company arising from the misuse, leakage, alteration, and damage of information due to human negligence, intent, or natural disasters. Specific management matters are as follows:

(1) Network Security:

Protective equipment is continuously updated, and firewall settings, intrusion prevention settings, and webpage reputation are updated continuously. Network detection applications are introduced for record control. Anti-virus and spam blocking services are available for mail items.

(2) Device safety:

Anti-virus software is installed on each terminal device to block the invasion of malicious viruses in real time. For those who need to work remotely, the SSL VPN tool is introduced to enhance the security of remote work.

(3) System management:

The computer system shall be subject to sufficient user permission management. User permission of newly admitted employees or changes in access shall be assigned in accordance with the Access Control Management Procedure, and the accounts of resigned employees shall be locked, stopped, or removed immediately according to the procedure to prevent unauthorized use.

(4) Information security of supply chains:

Suppliers are required to comply with the Company's information security policies and related information security regulations, and implement confidential operations in accordance with contractual requirements and agreements reached between both parties.

(5) Data security protection:

According to the backup and recovery management procedures, establish a data backup mechanism, back up data on a daily, weekly, and monthly basis depending on the nature of the data, and perform disaster recovery drills and tests on a regular basis.

(6) Education, training and advocacy:

All new recruits are required to complete information security education and training courses. In addition, online training and advocacy are held for all employees on a yearly basis to raise employees' information security awareness.

4. Material cyber security incidents

No material information security incidents occurred to the Company in 2022. However, new attack methods are being developed constantly. In the face of the ever-changing and growing threats to information security, the Company must continue to refine its information security management to reduce operational risks and maximize shareholders' investment value and interests.

5. Cyber security risk and countermeasures:

The Company will constantly review and evaluate its information security charters and procedures to ensure its appropriateness and effectiveness, but it cannot guarantee that the Company will not be affected by new risks and attacks of the ever-changing cyber security threats. Cyberattacks may also attempt to steal the Company's trade secrets and other confidential information, such as the proprietary information of customers or other stakeholders, and the personal information of the Company's employees. The specific countermeasures are as follows:

(1) Prevention of malicious attacks:

Prevent the invasion of computer viruses, destructive software, ransomware, and denial of service attacks from interfering with the Company's operations and even committing blackmail or extortion. These attacks may result in delay or interruption of the Company's business and it will compensate customers for losses.

(2) Defense-in-depth (DiD) information security architecture:

Reinforce network firewalls, intrusion prevention and detection devices, and network partition control to prevent the spread of threats across devices and regions. At the same time, implement endpoint anti-virus measures by the type of computer, and introduce advanced solutions to detect and handle malicious threats to reduce threats.

(3) Education and Training :

Conduct information security education and training for all employees, and strengthen promotion on the prevention of phishing emails to raise information security awareness. With the support of senior executives and various departments, the Company implements information security on all employees.

(II) The losses and potential impacts of material information security incidents and countermeasures in the most recent year and up to the publication date of this annual report; if it cannot be reasonably estimated, specify the fact why it cannot be reasonably estimated: None.

VII. Important Contracts

Contract type	Concerned party	Contract period	Summary content	Restrictive clauses
Sales contract	Taishin International Bank Co., Ltd.	2021/04/01-2023/03/31	Printing and seal processing	N/A
Lease contract	TECO Electric and Machinery Co., Ltd.	2022/01/01-2022/12/31	Leasing of Nangang office	Full or partial sublease (sublet) or sale is prohibited
Agency contract	SAP Taiwan Co., Ltd.	Established by each project	SAP software agent sales	N/A

Six. Financial Status

I. Condensed Balance Sheet and Statement of Consolidated Income for the Last Five Years

(I) Balance Sheet

1. Condensed Parent Company Only Balance Sheet in Compliance with IFRSs

Unit: NTD thousand

Item	Year	Financial information for the last five years				
		2018	2019	2020	2021	2022
Current assets		629,926	583,610	625,982	516,923	548,473
Property, plant, and equipment		8,810	6,651	6,374	6,141	6,177
Intangible assets		960	2,184	1,278	611	971
Other assets		268,299	284,509	272,884	302,176	316,555
Total assets		907,995	876,954	906,518	825,851	872,176
Current liabilities	Before distribution	475,623	174,750	371,399	273,043	310,984
	After distribution	516,297	229,397	426,046	327,690	354,701
Non-current liabilities		155,511	180,720	4,099	5,114	7,614
Total liabilities	Before distribution	631,134	355,470	278,157	278,157	318,598
	After distribution	671,808	410,117	332,804	332,804	362,315(Note1)
Equity attributable to owners of parent company			-	-	-	-
Share capital		203,371	273,234	273,234	273,234	273,234
Capital surplus		1,119	158,042	158,042	158,042	158,042
Retained earnings	Before distribution	73,629	93,074	121,902	121,902	123,344
	After distribution	32,955	38,427	67,255	67,255	79,627(Note1)
Other equity		(1,258)	(2,866)	(4,279)	(5,484)	(1,042)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	276,861	521,484	531,020	547,694	553,578
	After distribution	236,187	466,837	476,373	493,047	509,861

Note1 : Amount resolved by the board meeting dated on March 9,2023.

2. Condensed Consolidated Balance Sheet in Compliance with IFRSs

Unit: NTD thousand

Year		Financial information for the last five years				
		2018	2019	2020	2021	2022
Item						
Current assets		662,639	635,761	680,547	567,611	613,290
Property, plant, and equipment		25,405	20,611	16,751	30,684	33,265
Intangible assets		7,483	10,340	6,506	1,395	1,191
Other assets		246,710	280,413	239,938	250,363	237,865
Total assets		942,237	947,125	943,742	850,053	885,611
Current liabilities	Before distribution	519,068	229,859	399,604	287,813	315,475
	After distribution	559,742	284,506	454,251	342,460	359,192
Non-current liabilities		146,308	195,782	13,118	14,546	16,558
Total liabilities	Before distribution	665,376	425,641	412,722	302,359	332,033
	After distribution	706,050	480,288	467,369	357,006	375,753(Note1)
Equity attributable to owners of parent		276,861	521,484	531,020	547,694	553,578
Share capital		203,371	273,234	273,234	273,234	273,234
Capital surplus		1,119	158,042	158,042	158,042	158,042
Retained earnings	Before distribution	73,629	93,074	104,023	121,902	123,344
	After distribution	32,955	38,427	49,376	67,255	79,627(Note1)
Other equity		(1,258)	(2,866)	(4,279)	(5,484)	(1,042)
Treasury stock		-	-	-	-	-
Non-controlling interests	Before distribution	-	-	-	-	-
	After distribution	-	-	-	-	-
Total equity	Before distribution	276,861	521,484	531,020	547,694	553,578
	After distribution	236,187	466,837	476,373	493,047	509,861

Note1 : Amount resolved by the board meeting dated on March 9,2023.

(II) Condensed Statement of Comprehensive Income

1. Condensed Parent Company Only Statement of Comprehensive Income in Compliance with IFRSs

Unit: NTD thousand

Item \ Year	Financial information for the last five years				
	2018	2019	2020	2021	2022
Operating revenue	1,184,280	1,173,872	1,184,758	1,259,780	1,277,637
Gross profit	143,922	129,556	124,935	160,311	144,760
Operating income	61,321	47,624	44,070	67,996	28,398
Non-operating income and expense	(1,033)	23,285	29,771	17,699	34,060
Profit before tax	60,288	70,909	73,841	85,695	62,458
Net income from continuing operations in the current period	45,033	60,398	65,780	72,481	55,641
Income from discontinued operations	-	-	-	-	-
Net income (loss) in the current period	45,033	60,398	65,780	72,481	55,641
Other comprehensive income in the current period (net income after tax)	1,155	(1,608)	(1,597)	(1,160)	4,890
Total comprehensive income in the current period	46,188	58,790	64,183	71,321	60,531
Earnings per share	2.23	2.57	2.41	2.65	2.04

2. Condensed Consolidated Statement of Comprehensive Income in Compliance with IFRSs

Unit: NTD thousand

Item \ Year	Financial information for the last five years				
	2018	2019	2020	2021	2022
Operating revenue	1,217,463	1,227,636	1,230,637	1,325,626	1,330,274
Gross profit	150,489	162,900	164,467	192,300	183,348
Operating income	58,446	62,872	65,853	81,261	51,499
Non-operating income and expense	2,499	7,843	9,203	5,379	14,433
Profit before tax	60,945	70,715	75,056	86,640	65,932
Net income from continuing operations in the current period	45,033	60,398	65,780	72,481	55,641
Loss of discontinued operations	-	-	-	-	-
Net income (loss) in the current period	45,033	60,398	65,780	72,481	55,641
Other comprehensive income (loss) in the current period (net of tax)	1,155	(1,608)	(1,597)	(1,160)	4,890
Total comprehensive income in the current period	46,188	58,790	64,183	71,321	60,531
Net profit attributable to the owner of parent company	45,033	60,398	65,780	72,481	55,641
Net profit attributable to Non-controlling interests	-	-	-	-	-
Comprehensive income attributable to owners of parent company	46,188	58,790	64,183	71,321	60,531
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	2.23	2.57	2.41	2.65	2.04

Note 1: As of the publication date of the annual report, the Company had no financial figures for 2023 that have been audited or reviewed by CPAs.

(III) Name of CPAs over the last five years and their audit opinions

Year	Accounting firm	Name of CPA	Audit opinion
2018	PricewaterhouseCoopers Taiwan	Ming-Chuan Hsu/Chao-Hsien Chiu	Unqualified opinion plus Other Matters section
2019	PricewaterhouseCoopers Taiwan	Ming-Chuan Hsu/Chao-Hsien Chiu	Unqualified opinion plus Other Matters section
2020	PricewaterhouseCoopers Taiwan	Ming-Chuan Hsu/Chao-Hsien Chiu	Unqualified opinion plus Other Matters section
2021	PricewaterhouseCoopers Taiwan	Ping-Chun Chih/Tsung-Hsi Lai	Unqualified opinion plus Other Matters section
2022	PricewaterhouseCoopers Taiwan	Ping-Chun Chih/Tsung-Hsi Lai	Unqualified opinion plus Other Matters section

II. Financial Analysis for the Last Five Years

(I) Parent company only financial analysis for the last five years in compliance with IFRSs

Unit: NTD thousand

Analysis item		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	69.51	40.53	41.42	33.68	36.53
	Long-term capital to property, plant and equipment ratio (%)	4,907.74	10,557.87	8,395.34	9,001.92	9,085.19
Solvency (%)	Current ratio	132.44	333.97	168.55	189.32	176.37
	Quick ratio	114.43	305.15	154.06	180.97	169.00
	Interest coverage ratio	16.73	32.49	96.03	479.74	149.00
Operating ability	Accounts receivable turnover ratio (times)	2.10	1.99	1.87	2.54	2.59
	Average accounts receivable days	174	184	195	144	141
	Inventory turnover ratio (times)	10.70	19.09	27.77	90.87	146.15
	Accounts payable turnover ratio (times)	7.03	7.79	5.20	5.90	5.49
	Average inventory turnover days	34	19	13	4	2
	Property, plant and equipment turnover ratio (times)	117.12	151.85	181.92	210.51	207.44
	Total asset turnover ratio (times)	1.33	1.32	1.33	1.54	1.50
Profitability	Return on assets (%)	5.39	6.97	7.45	8.89	6.59
	Return on equity (%)	16.59	15.13	12.50	13.38	10.10
	Net income before tax to paid-in capital ratio (%)	29.64	25.95	27.02	31.36	22.86
	Net profit margin (%)	3.80	5.15	5.55	5.75	4.35
	Earnings per share (NTD)	2.23	2.57	2.41	2.65	2.04
Cash flow	Cash flow ratio (%)	26.56	(37.62)	56.36	48.14	17.13
	Cash flow adequacy ratio (%)	47.14	16.21	89.64	164.60	175.50
	Cash reinvestment ratio (%)	24.92	(20.56)	39.70	19.42	(0.32)
Leverage	Operating leverage	1.12	1.17	1.08	1.04	1.14
	Financial leverage	1.07	1.05	1.02	1.00	1.02
Reason for changes in financial ratios for the most recent two years:						
1. The interest coverage ratio decreased by 69%, primarily due to the combined impact of a decrease in pre-tax profit and an increase in interest expenses..						
2. The inventory turnover ratio increased by 61%, primarily due to a decrease in average inventory.						
3. The return on assets decreased by 26%, the return on equity decreased by 24%, the ratio of operating profit to paid-in capital decreased by 58%, the ratio of pre-tax net income to paid-in capital decreased by 27%, the net profit margin decreased by 24%, and earnings per share decreased by 23%, primarily due to a decrease in pre-tax profit.						
4. The cash flow ratio decreased by 64% and the cash reinvestment ratio decreased by 102%, primarily due to a decrease in net cash flow from operating activities in 111 fiscal year compared to the previous year..The cash flow ratio decreased by 58% and the cash reinvestment ratio decreased by 84%: This was mainly due to a decrease in net cash flow from operating activities for the 111th year compared to the previous year.						

(II) Consolidated financial analysis for the last five years in compliance with IFRSs

Unit: NTD thousand

Analysis item		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	70.62	44.94	43.73	35.57	37.49
	Long-term capital to property, plant and equipment ratio (%)	1,665.69	3,480.02	3,248.39	1,832.36	1,713.92
Solvency (%)	Current ratio	127.66	276.59	170.31	197.22	194.40
	Quick ratio	110.22	252.60	156.03	187.57	184.10
	Interest coverage ratio	13.13	18.69	44.28	104.02	122.42
Operating ability	Accounts receivable turnover ratio (times)	2.14	2.04	1.90	2.30	2.58
	Average accounts receivable days	171	179	192	159	142
	Inventory turnover ratio (times)	10.94	19.19	27.52	45.85	139.43
	Accounts payable turnover ratio (times)	8.67	8.53	5.39	4.92	97.60
	Average inventory turnover days	33	19.00	13.00	8.00	3.00
	Property, plant and equipment turnover ratio (times)	43.56	53.36	65.88	55.89	41.6
	Total asset turnover ratio (times)	1.33	1.30	1.30	1.48	1.53
Profitability	Return on assets (%)	5.36	6.73	7.10	8.16	6.46
	Return on equity (%)	16.59	15.13	12.50	13.44	10.10
	Net income before tax to paid-in capital ratio (%)	29.97	25.88	27.47	31.71	24.13
	Net profit margin (%)	3.70	4.92	5.35	5.47	4.18
	Earnings per share (NTD)	2.23	2.57	2.41	2.65	2.04
Cash flow	Cash flow ratio (%)	21.51	(10.36)	61.27	54.28	22.89
	Cash flow adequacy ratio (%)	46.43	32.36	110.92	182.44	192.41
	Cash reinvestment ratio (%)	19.99	(12.20)	46.55	24.53	3.85
Leverage	Operating leverage	1.20	1.42	1.30	1.26	1.32
	Financial leverage	1.09	1.07	1.03	1.01	1.01
Reason for changes in financial ratios for the most recent two years:						
1. The inventory turnover ratio increased by 204%: This was primarily due to a decrease in average inventory.						
2. The accounts payable turnover ratio increased by 27%: This was mainly due to a decrease in average accounts payable.						
3. The fixed asset turnover ratio decreased by 26%: This was mainly due to an increase in average fixed assets.						
4. The return on assets (ROA) decreased by 21%, the return on equity (ROE) decreased by 25%, the operating profit to paid-in capital ratio decreased by 37%, the pre-tax profit to paid-in capital ratio decreased by 24%, the net profit margin decreased by 24%, and the earnings per share (EPS) decreased by 23%: This was primarily due to a decrease in pre-tax profit.						
5. The cash flow ratio decreased by 58% and the cash reinvestment ratio decreased by 84%: This was mainly due to a decrease in net cash flow from operating activities for the 111th year compared to the previous year.						

1. Financial structure
 - (1) Debt to assets ratio = total liabilities / total assets.
 - (2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net worth of property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
 - (3) Interest coverage ratio = net income before income tax and interest expenses / interest expense in the current period.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable from operations) turnover ratio = net sales / average accounts receivable in each period (including accounts receivable and notes receivable from operations) balance.
 - (2) Average accounts receivable days = 365 / accounts receivable turnover ratio.
 - (3) Inventory turnover ratio = cost of goods sold / average of inventory.
 - (4) Accounts payable (including accounts payable and notes payable from operations) turnover = cost of goods sold / average accounts payable in each period (including accounts payable and notes payable from operations) balance.
 - (5) Average inventory turnover days = 365 / inventory turnover ratio.
 - (6) Property, plant and equipment turnover ratio = net sales / average net property, plant and equipment.
 - (7) Total assets turnover ratio = net sales / average total assets.
4. Profitability
 - (1) Return on assets = [after-tax income + interest expenses × (1 - tax rate)] / average total assets.
 - (2) Return on equity = after-tax income / average total equity.
 - (3) Net profit margin = after-tax income / net sales.
 - (4) EPS = (income attributable to owners of the parent company - dividend from preferred shares) / weighted average number of outstanding shares.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities over the last five years / (capital expenditure + increase in inventories + cash dividends) over the last five years.
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage:
 - (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income.
 - (2) Financial leverage = operating income / (operating income - interest expenses).

III. Audit Committee's Review Report for the Financial Report for the Latest Year

Audit Committee's Review Report

The board of directors of the Company prepared and submitted the 2022 financial statements (including the consolidated financial statements), which have been audited by PricewaterhouseCoopers Taiwan, together with the business report and the proposal for distribution of earnings to us for review. We agreed to the audit opinion issued by the CPA firm, and reviewed and approved said business report and the proposal for distribution of earnings. Therefore, we hereby present them for your review in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To the Company's 2023 General Shareholders' Meeting

Information Technology Total Services Co., Ltd.

Convener of the Audit Committee: Yi-Bing Lin

March 9, 2023

IV. The financial statements for the most recent year

- (I) 2022 Parent Company Only Financial Statements: Please refer to pages 102–168 of this annual report for details.
- (II) 2022 Consolidated Financial Statements: Please refer to pages 169 – 228 of this annual report for details.

V. The Company and its associates had no financial difficulties in the most recent year and as of the publication date of the annual report.

Seven. Review and Analysis of the Financial Position and Operating Results

I. Financial Position

(I) Financial position comparative analysis table

Unit: NTD thousand

Item	Year	2022	2021	Difference	
				Amount	%
Current assets		613,290	567,611	45,679	8.05%
Property, plant and equipment		33,265	30,684	2,581	8.41%
Intangible assets		1,191	1,395	(204)	(14.62%)
Other assets		237,865	250,363	(12,498)	(4.99%)
Total assets		885,611	850,053	35,558	4.18%
Current liabilities		315,475	287,813	27,662	9.61%
Non-current liabilities		16,558	14,546	2,012	13.83%
Total liabilities		332,033	302,359	29,674	9.81%
Equity attributable to owners of the parent company		553,578	547,694	5,884	1.07%
Share capital		273,234	273,234	0	0.00%
Capital surplus		158,042	158,042	0	0.00%
Retained earnings		123,344	121,902	1,442	1.18%
Other equity items		(1,042)	(5,484)	4,442	(81.00%)
Total shareholders' equity		553,578	547,694	5,884	1.07%

1. Where the change in the last two years has reached 20% or more, and the amount of change has reached NT\$10 million, the main reasons are specified as follows: None.

2. The impact and future response plan: The above-mentioned changes are caused by operating activities, there are no major abnormalities, so there is no need to formulate a response plan.

II. Financial Performance

(I) Financial performance comparative analysis table

Unit: NTD thousand

Item	2022	2021	Increase (decrease) amount	%
Net operating revenue	1,330,274	1,325,626	4,648	0.35%
Operating costs	1,146,926	1,133,326	13,600	1.20%
Gross profit	183,348	192,300	(8,952)	(4.66%)
Operating expenses	131,849	111,039	20,810	18.74%
Net operating income	51,499	81,261	(29,762)	(36.63%)
Operating income and expenses	14,433	5,379	9,054	168.32%
Net profit before tax of continuing operations	65,932	86,640	(20,708)	(23.90%)
Income tax expense	(10,291)	(14,159)	3,868	(27.32%)
Current net income	55,641	72,481	(16,840)	(23.23%)
Other comprehensive income	4,890	(1,160)	6,050	(521.55%)
Total comprehensive income in the current period	60,531	71,321	(10,790)	(15.13%)
<p>1. Where the change in the last two years has reached 20% or more, and the amount of change has reached NT\$10 million, the main reasons are specified as follows:</p> <p>(1) The increase in operating expenses and the decrease in the net operating profit, net profit before tax, and net profit: It is mainly due to the provision of expected credit losses of NT\$22,050,000 according to the Company's policy.</p> <p>2. Expected sales volume and basis, the possible impact on the Company's future financial business, and response plans: As the Company did not prepare and publish its financial forecast, the expected sales volume and basis are not applicable. There are no major abnormalities in the Company's operations, so there is no need to formulate a response plan.</p>				

III. Cash flow

(I) Analysis of cash flow changes in the most recent year (2022)

Unit: NTD thousand

Cash balance, beginning of the period (1)	Net cash flow from operating activities for the year (2)	Annual net cash flow from operating activities (3)	Amount of cash surplus (deficit) (1)+(2)-(3)	Remedial measures for cash deficit	
				Investment plans	Wealth management plans
140,280	72,224	(41,012)	171,492	-	-
<p>Analysis of cash flow changes:</p> <p>1. Analysis of cash flow changes for 2022: Operating activities: This is mainly due to net cash inflow from operating activities at NT\$72,224,000. Investment activities: It is mainly due to net cash outflow from acquisition of real properties and increase in long-term receivables. Financing activities: It is mainly due to distribution of 2021 cash dividends, resulting in net cash outflow.</p> <p>2. Remedial measures for estimated cash deficit and the liquidity analysis: N/A.</p>					

(II) Improvement plan for lack of liquidity: N/A.

(III) Analysis of liquidity for the coming year (2023):

Unit: NTD thousand

Cash balance, beginning of the period (1)	Estimated net cash flow from operating activities for the year (2)	Estimated annual net cash flow from operating activities (3)	Amount of cash surplus (deficit) (1)+(2)-(3)	Remedial measures for estimated cash deficit	
				Investment plans	Wealth management plans
171,492	1,245,837	1,322,187	95,142	-	-
Analysis of cash flow changes: 1. Analysis of cash flow in the coming year: Operating activities: It is mainly due to profit from operation, resulting in net cash inflow from operating activities. Investment activities: It is mainly due to capital expenditures for new equipment, resulting in net cash outflow. Financing activities: Distribution of cash dividends was the main reason for the net cash outflow from financing activities. 2. Remedial measures for estimated cash deficit and the liquidity analysis: N/A.					

IV. Impact of major capital expenditures in the most recent year on financial operations

- (I) The utilization of major capital expenditures and sources of funds: None.
- (II) Expected benefits generated: N/A.

V. The investment strategy in the most recent year, main causes for gains or losses, improvement plans, and investment plans for the coming year

- (I) Investment policy for the most recent year:
The Company's current investment policy focuses on the targets related to the development of the core business. The Company will not engage in investment in other industries, and the relevant executive departments will comply with the internal control system regarding circular investment, supervision and management of subsidiaries, and the procedures for the acquisition and disposal of assets. Said policies or procedures have been discussed and approved by the board of directors or the shareholders' meeting.
- (II) The main reasons for gains (losses) on investment and improvement plan:
The Company's 2022 gains on investment using the equity method recognized were NT\$9,933,000, an increase of NT\$9,011,000 from the NT\$922,000 in 2021, which was mainly due to an increase in the gains on the re-investment in Tension Envelop.
- (III) Investment plans for the coming year: None.

VI. Analysis and Assessment of Risk Matters

- (I) Impact of interest and exchange rate changes and inflation on the Company's profit and loss in the most recent year and future countermeasures:
 - 1. Impact of interest rate changes on the Company's profit and loss and future countermeasures
The Company's net interest income (expense) for 2021 and 2022 was NT\$(574),000 and NT\$(73),000, respectively, accounting for 0.04% and 0.005% of the operating revenue, respectively, mainly due to the interest income from bank

deposits and the financial costs of short-term borrowings. With an insignificant impact on the Company's overall operation, the impact of interest rate changes on the Company's profit and loss was limited. In the future, the Company will still pay attention to changes in the domestic and foreign economic environment and take necessary measures in due course to reduce the risk of interest rate changes to the Company's profit and loss.

2. Impact of exchange rate changes on the Company's profit and loss and future countermeasures

The Company's purchases and sales are mainly conducted in NTD, USD, and CNY. The net exchange gains (losses) for 2021 and 2022 were NT\$7,000 and NT\$1,060,000, respectively. The changes in exchange gains and losses were mainly caused by changes in the foreign currency assets held by the Company. The positions of foreign currency assets and liabilities held by the Company and the equivalent in the receipt and payment period can offset market risks. In addition, the number of days in the credit and payment periods are relatively short as most of payments and receipts are completed in only 1 to 2 months. Therefore, exchange rate changes do not have a significant impact on the Company.

The Company's financial unit will maintain close contact with various financial institutions according to the situation and ask them to provide professional consulting services for the Company to keep abreast of international exchange rate trends in real time. Meanwhile, the Company will adjust foreign currency positions in a timely manner according to actual capital needs and exchange rates in order to minimize the impact of exchange rate changes on the Company's profit and loss.

3. Impact of inflation on the Company's profit and loss and future countermeasures

The Company's products are not sold to general consumers, so inflation has no direct and immediate impact on the Company. In the past, inflation did not affect the Company's profit and loss. In the future, the Company will pay close attention to market price fluctuations. If the purchase cost increases due to inflation, the Company will adjust the sales price appropriately and keep abreast of the price changes of upstream raw materials to reduce the risk to the Company's profit and loss due to cost changes.

- (II) Policy for high-risk, high-leverage investments, loaning of funds, endorsements and guarantees, as well as derivatives transactions in the most recent year, major causes for profits or losses, and future countermeasures:

1. With a robust and pragmatic business philosophy, the Company focuses on operating its core business and does not engage in high-risk and high-leverage investments.
2. The Company has formulated the Procedures for Lending Funds to Others as the basis for the Company to engage in the lending of funds to others. As of the publication date of the annual report, the Company has not lent funds to others.
3. The Company has formulated the Operating Procedures for Endorsements and Guarantees as the basis for the Company to engage in endorsements/guarantees. As of the publication date of the annual report, the Company has not engaged in endorsements/guarantees.
4. The Company's financial hedging strategy is to hedge the risk of exchange rate fluctuations. As of the publication date of the annual report, the Company has not

engaged in derivatives trading.

5. In the future, if the Company needs to lend funds to others, provide endorsements/guarantees, or engage in derivatives trading because of business needs, it will proceed in accordance with the relevant operating procedures established by the Company, and announce relevant information in a timely and correct manner according to laws and regulations.

(III) Future R&D projects and estimated expenses:

1. Future R&D projects

The development of the Company's products and technologies has always been in line with the needs of customers and the market, and the Company will pay close attention to future trends and developments in the industry, and research and develop products and technologies with great market growth potential in the future.

2. Estimated R&D expenses

The estimated R&D expenditure will be gradually budgeted according to the development progress of new products and new technologies. With the growth of revenue, the annual R&D expenses will be gradually increased to support future R&D projects, maintain core technologies, and increase the Company's market competitiveness. In the future, the Company will continue to invest in R&D expenses according to the progress and results of R&D.

(IV) Impact of changes in important domestic and foreign policies and laws on the Company's financial operations and countermeasures:

The Company's daily operations are conducted in accordance with relevant domestic and foreign laws and regulations, and it always pays attention to the trends of and changes in domestic and foreign policy development as well as laws and regulations, so as to fully stay up-to-date with the changes in the market environment and to put forth countermeasures in a proactive and timely manner. As of the publication date of the annual report, the Company's financial operations have not been affected by major changes in important domestic and foreign policies and laws.

(V) The impact of technological transformation (including information and communication security risks) and industrial changes on the Company's financial business and countermeasures:

The Company keeps abreast of technological changes and technological developments in the industry, and stays up-to-date with market fluctuations and competitors' movements, while adjusting its product mix in a timely manner to meet market needs and maintain its competitiveness. As of the publication date of the annual report, the Company's financial operations have not been affected by major technological and industrial changes.

(VI) Impact of corporate image changes on corporate crisis management and countermeasures:

Since its establishment, the Company has focused on its core business, complied with relevant laws and regulations, actively strengthened internal management, and improved management quality and performance, so as to continue to maintain a good corporate image and increase customers' trust in the Company. As of the date of publication of the annual report, the Company has not had any operational crises due to changes in the corporate image. However, a corporate crisis may cause considerable damage to the Company, so it will continue to implement various corporate governance

measures to reduce the chance of occurrence of corporate risks to minimize the impact on the Company.

(VII) The expected benefits and potential risks of mergers or acquisitions and countermeasures: N/A.

(VIII) The expected benefits and potential risks of plant expansions and countermeasures: N/A.

(IX) The risks associated with concentrations of sales or purchases on certain customers/suppliers and countermeasures:

1. Purchases:

The main raw materials of the Company's products are software licenses, information hardware equipment, paper, and other raw materials. The raw material procurement strategy is to comprehensively evaluate a supplier's quality, price, delivery, and cooperation. The Company serves as an agent for SAP's systems for the ERP integration and planning services, so the software licenses are concentrated in SAP Taiwan Co., Ltd., SAP's subsidiary in Taiwan. Although the Company's purchases are concentrated in SAP Taiwan Co., Ltd., the Company is also one of SAP's gold partners. In addition to continuing to establish positive partnership with existing suppliers, the Company actively seeks and works with excellent suppliers and has at least two suppliers for each raw material, so the Company should not have the risk of unstable supply sources.

2. Sales:

The Company's sales to the top ten customers accounted for 44% and 48x% of the net operating revenue in 2021 and 2022, respectively. The sales were not concentrated in the top ten customers in terms of their proportion to the Company's revenue. In addition, there was no single customer accounting for more than 25% of the Company's revenue, so the Company did not have sales concentrated on single customers.

(X) The impact and risks of massive transfer of shares by directors, supervisors, or major shareholders holding more than 10% of the shares on the Company and countermeasures:

The Company's proposal for the issuance of new shares through a private placement for capital increase in cash was approved by the extraordinary shareholders' meeting on April 23, 2019. It privately offered 5,084,273 ordinary shares, and received the full payment for the shares on May 15, 2019. The strategic investor Advantech is a major shareholder holding more than 10% of the shares. Since the private placement, the Company's largest shareholder is still TECO Electric & Machinery Co., Ltd. (TECO). TECO and its associates together hold at least 50% of the Company's total shares since the private placement, so the private placement has no significant impact on the Company. The Company's supervisors have been replaced by an audit committee, and there were no major transfers of equity.

(XI) The impact and risks of changes of the management right on the Company and countermeasures:

The Company's proposal for the issuance of new shares through a private placement for capital increase in cash was approved by the extraordinary shareholders' meeting on April 23, 2019. It privately offered 5,084,273 ordinary shares, and received the full payment for the shares on May 15, 2019. The strategic investor Advantech currently holds 18.61% of the Company's shares and was elected as a director at the

Company's election of all directors at the 2021 general shareholders' meeting on July 30, 2021. The Company's largest shareholder is still TECO. TECO and its associates together hold at least 50% of the Company's total shares after the private placement. Accordingly, there should be no concern about major changes to the Company's management right.

(XII) For any of the Company's directors, supervisors, president, de facto responsible persons, or major shareholders holding more than 10% of the shares involved in any litigation, non-litigious proceeding, or administrative dispute that has been finalized or is pending, with a significant impact on shareholders' equity or the price of securities, the facts in dispute, the amount of the subject matter, the commencement date of the litigation, the main parties involved in the litigation, and the handling situation as of the publication date of the annual report shall be disclosed: N/A.

(XIII) Information security risk assessment analysis and countermeasures:

(I) Information security policy:

In order to maintain the sustainable operation of the Company's business, strengthen the information security management system, ensure the confidentiality, integrity, and availability of information assets, and enhance the reliability of information processing facilities and network systems, as well as increase employees' awareness of information security while reducing the risks during business operations effectively and reasonably, the Company has formulated an information security policy as the standard for information security management:

- (1) Ensure that the Company's information security system continues to operate normally.
- (2) Ensure that the network and equipment in server rooms will still be available despite incidents or errors.
- (3) Ensure that confidential and sensitive data will not be leaked from important information systems or said systems shut down due to information security incidents.

(II) Establishment of a risk management system:

In order to maintain information security within the scope of the Company's information security management system, the Company has established risk management procedures through systematic risk assessment methods and procedures to clarify the potential risks for information assets, and to identify various risks so as to implement appropriate control measures, with the aim of reducing the risk to a tolerable level and alleviate the threat of information security incidents. For example, daily file and data backup and remote backup is conducted to ensure uninterrupted service. After backup, the information personnel will check the records.

In order to restore operations as soon as possible when information system damage occurs, and to reduce possible losses and risks, the Company has a disaster recovery plan and a disaster prevention plan, and the tests are carried out every year.

(III) Information security and cyber risk assessment:

According to the Company's risk management procedures, the network and computer security protection systems are used to control or maintain the Company's R&D, accounting, and other important corporate operations, with the aim of reducing risks to a tolerable level, but there is no guarantee that the computer systems can completely avoid cyberattacks that will paralyze systems

from any third parties.

The Company will review and evaluate the information management control cycle every year to ensure its appropriateness and effectiveness, but it cannot guarantee that the Company will not be affected by new risks and attacks of the ever-changing cyber security threats. Cyber attacks may attempt to steal the Company's business secrets, other intellectual property, and confidential information. Malicious hackers may also try to install computer viruses, destructive software, or ransomware in the Company's network system to interfere with the Company's operations or gain the control of the Company's computers so as to blackmail the Company or snoop on its confidential information.

As of the publication date of the annual report, the Company has not found any major cyber attacks or incidents that have had or might have a significant adverse impact on its business and operations, and has not been involved in any legal cases or regulatory investigations in this regard.

(IV) Information security implementation measures:

In addition to regular information security education and training for the Company's employees, the Company strictly controls the entry and exit of the server room, and has established an intrusion prevention system, an anti-spam system, an endpoint anti-virus systems, etc., to improve information security protection, while regularly conducting drills for the continuity of important business activities to ensure employees' safety and the continuity of critical operations or business activities and to reduce losses caused by incidents. The Company also conducts regular drills for data backup systems and disaster recovery mechanisms to reduce the impact of disasters on the Company's operations and ensure uninterrupted service.

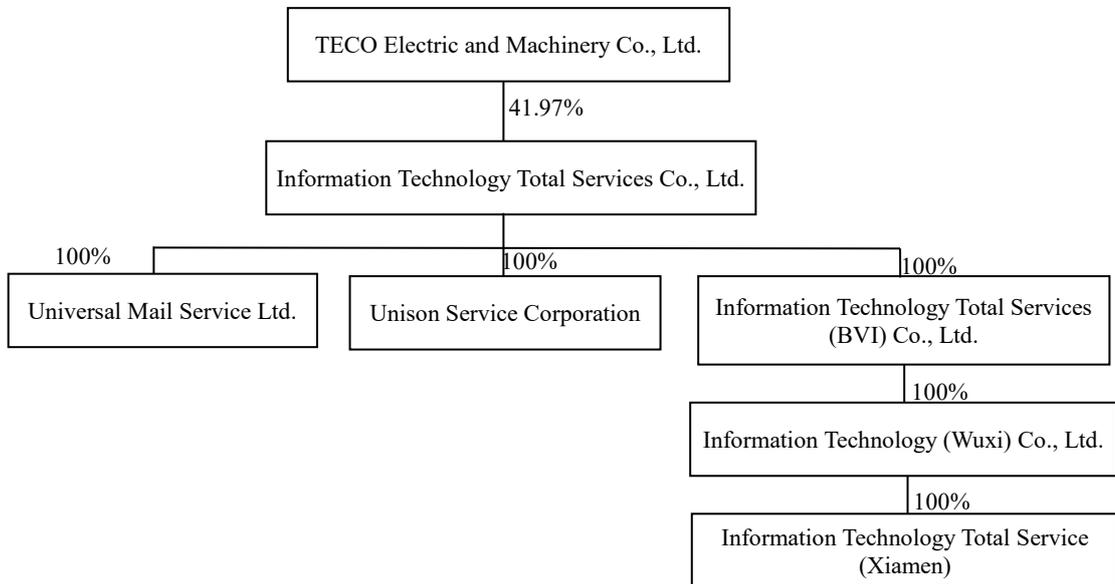
VII. Other Important Matters: None.

Eight. Special Disclosures

I. Information on Affiliates

(I) Consolidated Business Report of Affiliates

1. Organizational chart of affiliates



2. Basic information on affiliates

Unit: NTD thousand

Company Name	Date of Incorporation	Address	Paid-in Capital	Principle Business or Products
Unison Service Corporation	2001.08	21F-5, No. 97, Section 1, Xintai 5th Road, Xizhi District, New Taipei City	17,000	Customer relationship management services and consulting services for customer service center establishment
Universal Mail Service Ltd.	1989.12	2F, No. 51, Wuquan 7th Road, Wugu District, New Taipei City	13,000	Postal information integration and bill printing outsourcing services
Information Technology Total Services (BVI) Co., Ltd.	2001.03	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	48,424	Investment holding company
Information Technology (Wuxi) Co., Ltd.	2004.08	2F, Component Factory, Lot 65-C, Xinwu District, Wuxi City	10,167	ERP establishment, system maintenance, and information equipment procurement
Information Technology Total Service (Xiamen) (Note)	2007.12	Room 307-2, Chengye Building, Venture Park, Gaoxin District, Huoju, No. 11, Huoju East Road, Huli District, Xiamen City	Note	Customer relationship management service

Note: The deregistration of Information Technology Total Service (Xiamen) was completed on August 11, 2022.

3. Affiliates with a controlling and subordinate relationship as concluded in accordance with Article 369-3 of the Company Act:

Company Name	Name of Same Shareholder	Shareholding percentage
ZimTech Co., Ltd.	TECO Electric & Machinery Co., Ltd.	83.53%
TECO International Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Holding USA Inc.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Electric & Machinery (Pte.) Ltd. Singapore	TECO Electric & Machinery Co., Ltd.	90.00%
Tong-An Assets Management & Development Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Tong-An Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd.	99.80%
Teco Electro Devices Co., Ltd.	TECO Electric & Machinery Co., Ltd.	59.56%
Tecnos International Consulting Co., Ltd.	TECO Electric & Machinery Co., Ltd.	83.78%
UVG Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Tesen Electronic Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Smart Technologies Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Yatec Engineering Corporation	TECO Electric & Machinery Co., Ltd.	64.95%
Taian (Subic) Electric Co., Inc.	TECO Electric & Machinery Co., Ltd.	76.70%
An-Tai International Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Micropac (BVI)Worldwide Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Taian-Etacom Technology Co., Ltd.	TECO Electric & Machinery Co., Ltd.	84.73%
E-Joy Electronics International Co., Ltd.	TECO Electric & Machinery Co., Ltd.	98.29%
A-Ok Technical Service Co., Ltd.	TECO Electric & Machinery Co., Ltd.	86.67%
Taiwan Pelican Express Co., Ltd.	TECO Electric & Machinery Co., Ltd.	25.27%
Tasia (Pte.) Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Asia Air Tech Industrial (Pte.) Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO (Dong Guang) Air Conditioning Equipment Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Australia Pty. Ltd.	TECO Electric & Machinery Co., Ltd.	99.99%
TECO New Zealand Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Great Teco Motor (Pte.) Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Wuxi TECO Electric & Machinery Co., Ltd.	TECO Electric & Machinery Co., Ltd.	84.12%
TECO Industrial (Malaysia) Sdn. Bhd.	TECO Electric & Machinery Co., Ltd.	80.84%
P.T TECO Elektro, Indonesia	TECO Electric & Machinery Co., Ltd.	99.50%
P.T.TECO Multiguna Electro	TECO Electric & Machinery Co., Ltd.	87.50%
Teco Electronic & Machinery (THAI) Co., Ltd.	TECO Electric & Machinery Co., Ltd.	55.00%
TECO-Westinghouse Motor Company	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Westinghouse Motor Industrial, Canada	TECO Electric & Machinery Co., Ltd.	100.00%
Teco Electro Devices Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Wuxi Teco Electro Devices Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
An-Tai International Investment (Singapore) Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Taian Technology (Wuxi) Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Asia Electric & Machinery (Pte.) Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Jie Zheng Property Service & Management Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Nanchang TECO Electric and Machinery Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Nidec Corporation	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Electric & Machinery B.V.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Electric & Machinery Sdn. Bhd.	TECO Electric & Machinery Co., Ltd.	100.00%
Jiangxi TECO Electric and Machinery Co., Ltd.	TECO Electric & Machinery Co., Ltd.	98.07%
Qingdao TECO Precision Mechatronics Co., Ltd.	TECO Electric & Machinery Co., Ltd.	87.60%
Teco Westinghouse Motor Company S.A. de C.V.	TECO Electric & Machinery Co., Ltd.	100.00%
TYM Electric & Machinery Sdn. Bhd.	TECO Electric & Machinery Co., Ltd.	100.00%

Company Name	Name of Same Shareholder	Shareholding percentage
Teco (Vietnam) Electronic & Machinery Co., Ltd.	TECO Electric & Machinery Co., Ltd.	80.00%
TECO Technology (Vietnam) Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Group Science-Technology (Hangzhou) Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Jiangxi TECO Air Conditioning Equipment Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Fujian TECO Precision Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Asia Innovative Technology (Xiamen) Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO (Philippines) 3C & Appliances, Inc.	TECO Electric & Machinery Co., Ltd.	60.00%
Teco Appliance (HK) Co., Ltd	TECO Electric & Machinery Co., Ltd.	99.99%
Taian Electric Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
An-Sheng Travel Co., Ltd.	TECO Electric & Machinery Co., Ltd.	73.59%
Grey Back International Property Inc.	TECO Electric & Machinery Co., Ltd.	100.00%
Taian-Jaya Electric Sdn. Bhd.	TECO Electric & Machinery Co., Ltd.	95.00%
Tecocapital Investment (Samoa) Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Pelecanus Express Pte. Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Qingdao TECO Innovation Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Technology & Marketing Center	TECO Electric & Machinery Co., Ltd.	100.00%
Beijing Pelican Express Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Technical Information International Co. Ltd.	TECO Electric & Machinery Co., Ltd.	70.00%
Shanghai TECO Electric & Machinery Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Electric and Machinery GmbH.	TECO Electric & Machinery Co., Ltd.	100.00%
Tecom Co., Ltd.	TECO Electric & Machinery Co., Ltd.	63.52%
Tecom International Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Baycom Opto-Electronics Technology Co., Ltd.	TECO Electric & Machinery Co., Ltd.	43.76%
Tecom Global Tech Investment (B.V.I.) Limited	TECO Electric & Machinery Co., Ltd.	100.00%
Wuhan Tecom Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Qingdao Jie Zheng Property Service & Management Company	TECO Electric & Machinery Co., Ltd.	100.00%
Top-tower Enterprises Co., Ltd.	TECO Electric & Machinery Co., Ltd.	40.00%
Teco Elektrik Turkey A.S	TECO Electric & Machinery Co., Ltd.	100.00%
Jiangxi TECO Westinghouse Motor Coil Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Teco Westinghouse Colombia S.A.S.	TECO Electric & Machinery Co., Ltd.	100.00%
Motovario S.p.A.	TECO Electric & Machinery Co., Ltd.	100.00%
Motovario S.A (Spain)	TECO Electric & Machinery Co., Ltd.	100.00%
Motovario Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Motovario GMBH	TECO Electric & Machinery Co., Ltd.	100.00%
Motovario Corp.	TECO Electric & Machinery Co., Ltd.	75.00%
Motovario S.A (France)	TECO Electric & Machinery Co., Ltd.	100.00%
Motovario Int. Trading Co. Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Motovario Gear Solution Private Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Eagle Holding Co.	TECO Electric & Machinery Co., Ltd.	100.00%
TECO MOTOR B.V.	TECO Electric & Machinery Co., Ltd.	100.00%
Wuxi TECO Precision Industry Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Century Development Corporation	TECO Electric & Machinery Co., Ltd.	41.84%
Century Tech. C&M Corporation	TECO Electric & Machinery Co., Ltd.	100.00%
United Development Corporation	TECO Electric & Machinery Co., Ltd.	100.00%
Teco Industrial System Private Limited	TECO Electric & Machinery Co., Ltd.	100.00%
Teco Electrical Industries Private Limited	TECO Electric & Machinery Co., Ltd.	100.00%
CDC Development India Private	TECO Electric & Machinery Co., Ltd.	100.00%
Century Real Estate (International) Pte. Ltd.	TECO Electric & Machinery Co., Ltd.	70.00%
Century Biotech Development Corporation	TECO Electric & Machinery Co., Ltd.	72.00%
YATEC Engineering (VN) Company Limited	TECO Electric & Machinery Co., Ltd.	100.00%
TECO Sun Energy Company Limited	TECO Electric & Machinery Co., Ltd.	30.00%
Am Smart Technology	TECO Electric & Machinery Co., Ltd.	100.00%
Temico International Pte. Ltd.	TECO Electric & Machinery Co., Ltd.	60.00%
TECO EV Philippines Corporation	TECO Electric & Machinery Co., Ltd.	100.00%
Eurasia Food Service Co., Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Jinglaoman Food&Beverage Co., Ltd.	TECO Electric & Machinery Co., Ltd.	66.69%

Company Name	Name of Same Shareholder	Shareholding percentage
Ejoy Australia Pty. Ltd.	TECO Electric & Machinery Co., Ltd.	60.00%
Ejoy Australia Holdings Pty. Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
FCR Motion Technology Pty. Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Motovario Australia Pty. Ltd.	TECO Electric & Machinery Co., Ltd.	100.00%
Temico Motor India Private Limited	TECO Electric & Machinery Co., Ltd.	100.00%
Temico India Private Limited	TECO Electric & Machinery Co., Ltd.	100.00%
Teco Electric Motors Africa Pty	TECO Electric & Machinery Co., Ltd.	100.00%

4. For parties that are presumed to have a controlling and subordinate relationship, the information on the same shareholders:

Unit: NTD thousand

Company Name	Date of Incorporation	Address	Paid-in Capital	Principle Business or Products
ZimTech Co., Ltd.	1972.06	No. 66 Sichuan Road, Taichung City	79,194	Distribution of heavy electrical products
TECO International Investment Co., Ltd.	1989.06	6F, No. 19-8, Sanchong Road, Nangang District, Taipei City	744,097	Investment in various production businesses, securities, and construction of commercial buildings
TECO Holding USA Inc.	1995.03	P.O. Box 277, Round Rock TX 78680-0277 U.S.A	739,250	Investment and trade business in the U.S.
TECO Electric & Machinery (Pte.) Ltd. Singapore	1972.09	47 Tuas Ave 9 Singapore 639190	163,680	Expansion of sale of TECO heavy electrical products in Singapore and its neighboring countries
Tong-An Assets Management & Development Co., Ltd.	1997.07	6F, No. 19-8, Sanchong Road, Nangang District, Taipei City	3,954,153	Real estate leasing
Tong-An Investment Co., Ltd.	1998.08	6F, No. 19-8, Sanchong Road, Nangang District, Taipei City	5,109,046	Investment in various businesses
Teco Electro Devices Co., Ltd.	1998.03	No. 11-1, Andong Road, Zhongli District, Taoyuan City	172,148	Production and sale of step and servo motors
Tecnos International Consulting Co., Ltd.	1998.06	6F, No. 125, Songjiang Road, Zhongshan District, Taipei City	120,878	Enterprise management consultancy and labor dispatch
UVG Investment Co., Ltd.	1999.08	Huntlaw Building, P.O. Box 2804 George Town, Great Cayment KY1-1112, Cayman Islands	6,516,244	Holding company
Tesen Electronic Co., Ltd.	2001.03	5F, No. 19-9, Sanchong Road, Nangang District, Taipei City	200,000	Manufacture of electrical appliances
TECO Smart Technologies Co., Ltd.	2002.02	4F, No. 19-8, Sanchong Road, Nangang District, Taipei City	76,449	Agency sale of prepaid cards and IC cards
Yatec Engineering Corporation	1993.01	2F, No. 19-8, Sanchong Road, Nangang District, Taipei City	120,100	Development, design, and maintenance of electrical system equipment
Taian (Subic) Electric Co., Inc.	1997.03	Phase 1. Subic Bay Gateway Park, Argonaut Highway cor. Brave heart St. Subic Bay Freeport Zone	185,198	Production and sale of switch appliances
An-Tai International Investment Co., Ltd.	1990.09	6F, No. 19-8, Sanchong Road, Nangang District, Taipei City	348,500	Investment in various businesses
Micropac (BVI) Worldwide	1993.03	British Virgin Island	411,978	International trade
Taian-Etacom Technology Co., Ltd.	1999.12	No. 158, Xinjiang Road, Xiucui Village, Yangmei District, Taoyuan City	83,000	Manufacture of busbar and its parts.
E-Joy Electronics International Co., Ltd.	2004.06	8F, No. 156-2, Songjiang Road, Zhongshan District, Taipei City	79,467	Wholesale and retail of electrical appliances
A-Ok Technical Service Co., Ltd.	2004.10	No. 34, Siyuan Road, Xinzhuang District, New Taipei City	22,500	Repair of electrical appliances
Taiwan Pelican Express Co., Ltd.	2000.07	No. 288, Yuanlong Road, Zhonghe District, New Taipei City	954,670	Professional logistics and distribution services, such as home delivery within designated routes
Tasia (Pte.) Ltd.	1995.12	47 Tuas Ave 9 Singapore 639190	21,729	Various investment business activities
Asia Air Tech Industrial (Pte.) Ltd.	1999.06	47 Tuas Ave 9 Singapore 639190	235,280	Holding company
TECO (Dong Guang) Air Conditioning Equipment Co., Ltd.	1999.11	Yuyuanyi Road, Zhenyuyuan Industry District, Huangjiang, Dongguan City, Guangdong Province	305,631	Central chillers, industrial and commercial air-conditioning cabinets, and air-conditioning equipment accessories
TECO Australia Pty. Ltd.	1983.04	335-337 Woodpark Rd. Smithfield N.S.W. 2164 Australia	602,400	Expansion of sale of TECO heavy electric products and household appliances in Australia
TECO New Zealand Ltd.	1983.04	Unit 3/477 Gt Sth Road, Penrose, New Zealand.	56,847	Sale of household appliances

Company Name	Date of Incorporation	Address	Paid-in Capital	Principle Business or Products
Great Teco Motor Ltd.	2000.01	47 Tuas Ave 9 Singapore 639190	3,377,686	Holding company
Wuxi TECO Electric & Machinery Co., Ltd.	91	No. 9 Changjiang South Road, New District, Wuxi City, Jiangsu Province	1,455,674	Production and sale of other multi-phase AC motors
TECO Industrial (Malaysia) Sdn. Bhd.	1989.06	2600, Jalan Perusahaan Baru, Kawasan Perusahaan Prai, 13600 Prai, Penang, Malaysia	584,895	Manufacture and sale of TECO heavy electrical products in Malaysia
P.T TECO Elektro, Indonesia	1997.08	JL. Bandengan Utara No.83/1/3 Jakarta 14440	704,456	Manufacture and sale of household appliances in Indonesia
P.T. TECO Multiguna Electro	1983.06	Jl. Bandengan utara No.83/1-3 Jakarta 14440, Indonesia	14,258	Expansion of sale of TECO heavy electrical products in Singapore and its neighboring countries
Teco Electronic & Machinery (THAI) Co., Ltd.	1987.04	128/1 Soi Watsrivarenoi Moo 7 Bangna-Trad Rd KM. 18 Bangplee Bangchalong Samuthprakarn 10504	50,130	Expansion of sale of TECO heavy electrical products in Singapore and its neighboring countries
TECO-Westinghouse Motor Company	1988.01	Box 277, Round Rock TX 78680-0277 U.S.A.	572,007	Expansion of sale of part of TECO heavy electric products as agreed in the U.S.
TECO Westinghouse Motor Industrial, Canada	1995.12	18060-190th Avenue Edomonton, Alberta Tss2K1 Canada	23,868	Expansion of sale of TECO heavy electrical products
Teco Electro Devices Co., Ltd.	1998.03	Sea Meadow House, Blackburne Highway, (P.O. Box 116) Road Town, Tortola, British Virgin Islands.	94,389	General trade and various investments
Wuxi TECO Electro Devices Co., Ltd.	2001.12	No. 29, Gaolang East Road, Wuxi New District (Lot No. 65-C, Wuxi High-Tech Industrial Development Zone, Jiangsu Province)	119,603	Manufacture and sale of step motors
An-Tai International Investment (Singapore) Co., Ltd.	1993.03	47 Tuas Ave 9 Singapore 639190	453,680	Professional investment company
Taian Technology (Wuxi) Co., Ltd.	2000.07	No. 29, Gaolang East Road, Wuxi City New District, Jiangsu Province	515,220	Design, production, and sale of optical fiber electronic equipment
Asia Electric & Machinery	2000.06	47 Tuas Ave 9 Singapore 639190	1,538,593	Holding company
Jie Zheng Property Service & Management Co., Ltd.	2000.04	4F, No. 66, Sanchong Road, Nangang District, Taipei City	30,250	Condominium building management service
Nanchang TECO Electric and Machinery Co., Ltd.	2003.11	No. 169, Huojuwu Road, Gaoxin District, Nanchang City, Jiangxi Province	495,655	Manufacture and sale of air conditioners
Nidec Corporation	1992.02	29th fl., Hamamatsucho Bldg, 1-1-1, Shibaura, Minato-ku, Tokyo, Japan, 105-0023	7,215	Sale of household appliances
TECO Electric & Machinery B.V.	2005.04	Schiekade 830 3032 AL Rotterdam The Netherlands	20,671	Distribution of heavy electric and liquid-crystal display TV (AV) products in Europe
TECO Electric & Machinery Sdn. Bhd.	1987.12	No.6, Jalan Firma 2 Kawasan Perindustrian Tebrau 1 Johor Bahru Johor Bahru 81100	58,446	Expansion of sale of TECO heavy electrical products in Singapore and its neighboring countries
Jiangxi TECO Electric and Machinery Co., Ltd.	2005.06	No. 189, Dongyuan Road, Gaoxin Development Zone, Nanchang City, Jiangxi Province	1,455,218	Production and sale of TECO heavy electrical products
Qingdao TECO Precision Mechatronics Co., Ltd.	2006.12	No. 2179, Chaoyangshan Road, Jiaonan, Huangdao District, Qingdao City, Shandong Province	813,470	Production and sale: Fine blanking dies, precision cavity dies, standard mold parts, and new electromechanical components
Teco Westinghouse Motor Company S. A. de C. V.	2005.12	Ave. 2 Poniente No. 1504 Col. Centro Historico Puebla, Puebla, Mexico 72000	48,937	Production and sale of TECO heavy electrical products
TYM Electric & Machinery Sdn. Bhd.	2006.06	Plo 52 (No. 26), Jalan Firma 2/1, Kawasan Perindustrian Tebrau 1, 81100 Johor Bahru, Johor, Malaysia	3,313	Sale of TECO heavy electrical products
Teco (Vietnam) Electronic & Machinery Company Ltd.	2005.04	Tam An Village, Long Thanh District, Long Thanh Industrial Zone Dong Nai Province, Vietnam	344,119	Production and sale of TECO heavy electrical products
TECO Technology (Vietnam) Co., Ltd.	2006.08	Long Thanh Industrial Zone, Tam An commune, Long Thanh District, Dong Nai Province, Vietnam	419,522	Production and sale of heavy electrical products
Asia Innovative Technology (Xiamen) Co., Ltd.	2006.12	No. 202, Shengye Building, No. 2, Weili Road, Information Optoelectronics Park, Gaoxin District, Huoju, Xiamen	810,256	R&D, production, and sale of liquid crystal displays
TECO Group Science-Technology (Hangzhou) Co., Ltd.	2007.06	Rooms 619 & 620, East Area, Building A, Zhejiang University National Science Park, No. 525, Xixi Road, Xihu District, Hangzhou	9,870	Electronic engineering and automatic control technology development and consulting services
Jiangxi TECO Air Conditioning Equipment Co., Ltd.	2010.02	No.169, Dongyuan Road, Gaoxin Development Zone, Nanchang City, Jiangxi Province	161,019	Production and sale of a variety of air-conditioning equipment
Fujian TECO Precision Co., Ltd.	2008.05	Xiayang, Jiazhao, Zhanggang Village, Saiqi Development Zone, Fuan, Fujian, China	365,351	Production and sale of electric motors, generators and their parts, and water pumps

Company Name	Date of Incorporation	Address	Paid-in Capital	Principle Business or Products
Teco Appliance (HK) Co., Ltd	1991.02	21 Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong	5,331	Sale of household appliances
Taian Electric Co., Ltd.	2004.03	5F, No. 19-9, Sanchong Road, Nangang District, Taipei City	1,000	Production and sale of switch appliances
An-Sheng Travel Co., Ltd.	2005.04	(Room D) 5F, No. 19-9, Sanchong Road, Nangang District, Taipei City	30,000	Travel industry
Hubbell-Taian Co., Ltd.	1991.08	7F, No. 19-8, Sanchong Road, Nangang District, Taipei City	27,200	Import, export, and sale of power transmission and distribution devices, lighting devices, as well as explosion-proof appliances and ancillary products
Universal Mail Service Ltd.	1989.12	2F, No. 51, Wuquan 7th Road, Wugu District, New Taipei City	13,000	Receipt, sorting, printing, and sealing of various commercial documents
Unison Service Corporation	2001.08	21F-5, No. 97, Section 1, Xintai 5th Road, Xizhi District, New Taipei City	17,000	Customer relationship management services and consulting services for customer service center establishment
Information Technology Total Service (BVI) Co., Ltd.	2001.03	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	42,655	Various investment business activities
Information Technology (Wuxi) Co., Ltd.	2004.08	Lot No. 65-C, Wuxi High-Tech Industrial Development Zone	10,786	Supply of information software, data processing, electronic information supply, and other relevant services
Information Technology Total Service (Xiamen)	2007.12	Room 307-2, Chengye Building, Venture Park, Gaoxin District, Huoju, No. 11, Huoju East Road, Huli District, Xiamen City	4,344	Customer relationship management service
GreyBack International Property Inc.	2007.02	New East Kalayaan Subic Bay Freeport Zone 2222	27,683	Management and development of property
Taian-Jaya Electric Sdn. Bhd.	1988.06	No.7861&7863, Jalan Teluk Batu1, Batu 41/2, Jalan, Kebun, Seksyen 36, 40470, Shah Alam	6,627	Production and sale of TECO heavy electrical products
TECO CAPITAL INC.	2008.04	Palm Grove house, P.O Box 438, Road Town, Tortola, British Birgin Isiands.	18,217	Various investment business activities
TECO (Philippines) 3C & Appliances, Inc.	2008.08	Subic Vest Commercial Complex Subic Bay Gateway Park Phase I Subic Bay Freeport Zone, 2222, Philippines	27,081	Sale of air conditioners and household appliances
Pelecanus Express Pte. Ltd.	2010.04	18. Chin Bee Drive Singapore 2261	24,912	Various investment business activities
Qingdao TECO Innovation Co., Ltd.	2010.08	No.169 Songling Road, Laoshan District, Qingdao	56,841	Consulting services, investor management, and management regarding science park development and operation
TECO Technology & Marketing Center (TTMC)	2011.04	29th fl., Hamamatsucho Bldg, 1-1-1, Shibaura, Minato-ku, Tokyo, Japan, 105-0023	7,215	Various investment business activities
TECOCAPITAL INVESTMENT (SAMOA) CO., Ltd.	2011.01	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	55,360	Holding company
Beijing Pelican Express Co., Ltd.	2010.10	No. 5, Guanghua Road, Industrial Development Zone, Tongzhou District, Beijing	0	Warehousing services
Technical Information International Co. Ltd.	2008.07	Room 307-1, Chengye Building, Venture Park, Gaoxin District, Huoju, No. 11, Huoju East Road, Huli District, Xiamen City	43,440	Development and sale of software
Shanghai TECO Electric & Machinery Co., Ltd.	2012.08	Room 321, 3F, No. 6, Lane 1279, Zhongshan West Road, Shanghai	59,211	Agency for electrical engineering and electronic products
TECO Electric and Machinery GmbH.	2012.09	Industrieweg 21 30179 Hannover Germany	783	Production and sale of heavy electric products
Tecom Co., Ltd.	1980.09	No. 23, Yanfa 2nd Road, Hsinchu Science Park, Hsinchu City	945,998	Production and sale of key telephone systems, non-host key telephones, and rate calculating devices, etc.
Baycom Opto-Electronics Technology Co., Ltd.	1990.04	No. 23, Yanfa 2nd Road, Hsinchu Science Park, Hsinchu City	335,913	Research, manufacture, and sale of optical fiber, optical fiber cable, and components
Tecom Global Tech Investment (B.V.I.)	2002.08	Citco Building, Wickhams Cay, P.O Box 662, Road Town, Tortola, British Virgin Islands.	33,156	Investment in various businesses
Wuhan Tecom Co., Ltd.	2003.02	9th Floor, Gaoke Building, Wuhan East Lake Development Zone Garden Road, Wuhan City, China	7,191	Technological development, production, sale and technical service business of products related to communication network information
Qingdao Jie Zheng Property Service & Management Company	2012.08	Room A201, No.169 Songling Road, Laoshan District, Qingdao	5,664	Property management and relevant supporting services
Top-tower Enterprises Co., Ltd.	1968.07	1F & 2F, No. 86, Caigong 1st Road, Zuoying District, Kaohsiung City	18,000	Distribution of heavy electrical products
Teco Elektrik Turkey A.S	2013.08	Yesilkoy Mah. Atatürk Cad. No: 12 EGS Business Park, B1 Blk. K:3 D:177-178 P.K. 34149 Bakirkoy/Istanbul - TURKEY	12,861	Distribution of household appliances and heavy electrical products
Jiangxi TECO Westinghouse Motor Coil Co., Ltd.	2014.07	No.189, Dongyuan Road, Gaoxin Development Zone, Nanchang City, Jiangxi Province	107,175	Production and sale of motors, coils, and components of relevant products

Company Name	Date of Incorporation	Address	Paid-in Capital	Principle Business or Products
Teco Westinghouse Colombia S.A.S.	2014.05	CARRERA 27 No. 22 SUR- 51 Interior 152 Envigado- Antioquia-Colombia.	0	Production and sale of motors and generators
Motovario S.p.A.	1965.10	Formigine (Italy), Via Quattro Passi 1/3, Formigine (MO)	564,073	Production and sale of reducers and motors
Motovario SAU (Spain)	2001.02	Castellgalí - (Spain) C/ Costa del Pla, 3 - 08297 - Pol. Industrial Pla del Camí	20,700	Production and sale of reducers and motors
Motovario Ltd.	1999.03	Droitwich (Worcestershire) (UK), Rushock Trading Estate	13,590	Production and sale of reducers and motors
Motovario GMBH	1997.02	Grieheim (DE), Pflutzenstrasse 75	10,089	Production and sale of reducers and motors
Motovario Corp.	1997.10	Alpharetta GA (USA), 1440 Bluegrass Lakes Parkway	8,581	Production and sale of reducers and motors
Motovario S.A (France)	1995.02	Genas (FR), Rue de l'Avenir, 42	10,126	Production and sale of reducers and motors
Motovario Int. Trading Co. Ltd.	2004.07	Shanghai (China), Xikang Road No.1018 Floor 16 Room 1607	7,191	Production and sale of reducers and motors
Motovario Gear Solution Private Ltd.	2011.07	Kolkata (India), Diamond Harbour Road, Ps-Thakurpukur	4,649	Production and sale of reducers and motors
Eagle Holding Co.	2010.08	Scotia Centre, 4th Floor, P.D. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Island	3,076,649	Holding company
TECO MOTOR B.V.	2015.07	Rivium 3e straat 17,2909LH Capelle aan den IJssel, the Netherlands.	3,132,313	Holding company
Wuxi TECO Precision Industry Co., Ltd.	2015.07	No. 17, Changjiang East Road, Xinwu District, Wuxi City	854,951	Production and sale of motors and their parts
Century Development Corporation	1993.02	4F, No. 66, Sanchong Road, Nangang District, Taipei City	3,509,055	Real estate and industrial zone development management
Century Tech. C&M Corporation	1975.10	4F, No. 66, Sanchong Road, Nangang District, Taipei City	22,500	Construction business
United Development Corporation	1994.03	4F, No. 66, Sanchong Road, Nangang District, Taipei City	108,310	Domestic and overseas industrial zone and land investment consulting services
Teco Industrial System Private Limited	2012.06	351, Patparganj Industrial area, Delhi-110092, India	5,538	Expansion of sale of TECO heavy electrical products in India and its neighboring countries
Teco Electrical Industries Private Limited	2016.06	BLOCK NO-277, R.S NO-166, VILLAGE-RAIKA, OLD NH NO-8, VADODARA-391340, INDIA	24,174	Distribution of heavy electrical products
YATEC Engineering (VN) Company Limited	2016.12	4F, No. 136-138, 7A Road, Block B, Binh Chih East, Binh Thanh District, Ho Chi Minh City, Vietnam	17,121	Development, design, and maintenance of electrical system equipment
Century Real Estate (International) Pte. Ltd.	2017.08	47 TUAS AVENUE 9 SINGAPORE 639190	841,472	Investment in other regions
CDC Development India Private	2017.10	No. 1 & 2, The Millenia, Tower B, 10th Floor, Unit No-1003, Murphy Road, Ulsoor, Bengaluru, Karnataka - 560008, India	751,238	Domestic and overseas industrial zone and land investment consulting services
Century Biotech Development Corporation	2018.03	4F, No. 66, Sanchong Road, Nangang District, Taipei City	2,500,000	Domestic and overseas industrial zone and land investment consulting services
TECO Sun Energy Company Limited	2018.06	5F, No. 19-9, Sanchong Road, Nangang District, Taipei City	70,000	Energy technical services
Am Smart Technology	2018.03	1F, No. 66, Sichuan Road, Xitun District, Taichung City	20,000	Distribution of heavy electrical products
Temico International Pte. Ltd.	2018.06	47 TUAS AVENUE 9, SINGAPORE (639190)	250,734	Holding company
TECO EV Philippines Corporation	2015.08	Phase 1, Subic Bay Industrial Park Argonaut Highway Cor. Brave heart St. Subic Bay Freeport Zone Philippines 2222	29,408	Sale of vehicle products
Eurasia Food Service Co., Ltd.	2018.12	6F, No. 19-8, Sanchong Road, Nangang District, Taipei City	22,500	Franchise restaurant business
Jinglaoman Food&Beverage Co., Ltd.	2012.07	2F-2, No. 66, Jingmao 2nd Road, Nangang District, Taipei City	28,000	Franchise restaurant business
Ejoy Australia Pty. Ltd.	2009.07	UNIT 1' 44 MURDOCH CIRCUIT ACACIA RIDGE QLD 4110, Australia	70,280	Distribution of household appliances
Motovario Australia Pty. Ltd.	2018.02	TOWER ONE INTERNATIONAL TOWERS SYDNEY' LEVEL 17 100 BARANGAROO AVENUE BARANGAROO NSW 2000	0	Various investment business activities
Teco Electric Motors Africa Pty. Ltd.	2017.11	7 Forbes Street, Midstream Estate, Ekurhuleni Gauteng 1692, South Africa	0	Agency for electrical engineering and electronic products
Ejoy Australia Holdings Pty Ltd.	2009.07	SHOP' 37 SUNNYPARK SHOPPING CENTRE SUNNYBANK QLD 4109	0	Various investment business activities
F C R Motion Technology Pty. Ltd.	2018.02	10 Eucumbene Drive, Ravenhall VIC 3023, Australia	52,549	Sale of electrical engineering and electronic products

Company Name	Date of Incorporation	Address	Paid-in Capital	Principle Business or Products
Temico Motor India Private Limited	2020.02	Unit No 1003, Level 10, Tower B The Millenia, No 1 & 2, Murphy Road Ulsoor BANGALORE Bangalore KA 560008 IN	26,814	Production and sale of motors
Pelican Express (Vietnam) Company Limited	2020.05	No. 23, Huangliannigu Road, 10th Square, Sin Binh District, Ho Chi Minh City, Vietnam	5,561	Warehousing services
Temico India Private Limited	2018.09	351, F.I.E., Industrial area Patparganj DELHI East Delhi DL 110092 IN	0	Production and sale of motors

5. In terms of the industries to which all affiliates belong, where the business operations

between the affiliates are related to each other, the division of labor shall be specified:

- A. Please refer to (I) 2. “The principal business in the Basic information on affiliates of the company” for the details of the overall business operations of the Company’s affiliates.
- B. The Company provides information software, data processing, and electronic information supply services to affiliates.

6. Information of Directors, Supervisors and General Managers of each affiliated company

Company Name	Title	Name of individual or representative	Shareholding	
			Number of shares	Shareholding percentage
Unison Service Corporation	Chairman	Shang-Wei Kao (Information Technology Total Services Co., Ltd.)	1,700,000	100.00%
	Director	Hsin-Ying Chen (Information Technology Total Services Co., Ltd.)	1,700,000	100.00%
	Director	Lung-Chu Hung (Information Technology Total Services Co., Ltd.)	1,700,000	100.00%
	Supervisor	Su-Chin Wang (Information Technology Total Services Co., Ltd.)	1,700,000	100.00%
Universal Mail Service Ltd.	Chairman	Shang-Wei Kao (Information Technology Total Services Co., Ltd.)	1,300,000	100.00%
	Director	Hsin-Ying Chen (Information Technology Total Services Co., Ltd.)	1,300,000	100.00%
	Director	Shih-Yang Lin (Information Technology Total Services Co., Ltd.)	1,300,000	100.00%
	Director	Lung-Chu Hung (Information Technology Total Services Co., Ltd.)	1,300,000	100.00%
	Director	Min-Chien Yu (Information Technology Total Services Co., Ltd.)	1,300,000	100.00%
	Supervisor	Su-Chin Wang (Information Technology Total Services Co., Ltd.)	1,300,000	100.00%
	Supervisor	Jui-E Chen (Information Technology Total Services Co., Ltd.)	1,300,000	100.00%
Information Technology Total Services (BVI) Co., Ltd.	Chairman	Shang-Wei Kao (Information Technology Total Services Co., Ltd.)	1,541,000	100.00%
Information Technology (Wuxi) Co., Ltd.	Chairman	Shang-Wei Kao (Information Technology Total Service (BVI) Co., Ltd.)	-	100.00%
	Director	Hsin-Ying Chen (Information Technology Total Service (BVI) Co., Ltd.)	-	100.00%
	Director	Shih-Yang Lin (Information Technology Total Service (BVI) Co., Ltd.)	-	100.00%
	Supervisor	Lung-Chu Hung (Information Technology Total Service (BVI) Co., Ltd.)	-	100.00%

(II) Overview of the Operations of Affiliates

The financial position and operating results of each affiliate

Unit: NTD thousand; Earnings

per share (NTD)

Company Name	Capital	Assets Total Amount	Liabilities Total Amount	Net worth	Operating revenue	Operating profits	Net income (after tax)	Earnings per share (NTD) (after tax)
Unison Service Corporation	17,000	43,794	19,414	24,380	104,408	11,381	9,336	5.49
Universal Mail Service Ltd.	13,000	29,176	8,098	21,078	42,754	5,984	4,686	3.61
Information Technology Total Services (BVI) Co., Ltd.	48,424	80,147	84	80,063	-	(66)	8,682	5.63
Information Technology (Wuxi) Co., Ltd.	10,167	44,388	9,280	35,108	52,590	4,926	6,180	N/A
Information Technology Total Service (Xiamen) (Note)	4,421	-	-	-	40	754	743	N/A

Note: The deregistration of Information Technology Total Service (Xiamen) was completed on August 11, 2022.

(III) Consolidated Financial Report of Affiliates

Information Technology Total Services Co., Ltd.

Declaration for Consolidated Financial Statement of Affiliated Companies

Considering that the companies to be included into the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 for 2022 (from January 1, 2022, to December 31, 2022), and the relevant information to be disclosed in the consolidated financial statements of the affiliates has already been disclosed in said consolidated financial statements of the parent company and subsidiaries, no consolidated financial statements of affiliates were prepared separately.

The Company hereby certifies that the information disclosed herein is true and correct.

Company name: Information Technology Total Services Co., Ltd.

Responsible persons: Shang-Wei Kao

March 9, 2023

(IV) Business Report of Affiliates

1. Relationship between the controlling company and its subordinates

December 31, 2022/Unit: Share; %

Controlling company	Reasons for control	Shareholding and pledges by the controlling company			Directors, supervisors, and managers appointed by the controlling company	
		Number of shares held	Shareholding percentage	Shares pledged	Title	Name
TECO Electric & Machinery Co., Ltd.	Information Technology Total Services Co., Ltd.'s controlling company and subordinates in compliance with Article 369-2 of the Company Act	11,467,248	41.97%	-	Chairman Director Director	Shang-Wei Kao Chwen-Jy Chiu An-Ping Liu Kuo-Min Chen

2. Transaction Status

(1) Purchases/Sales

Unit: NTD thousand

Transaction with the controlling company				Transaction terms and conditions with the controlling company		General transaction terms and conditions		Reason for difference	Accounts receivable (payable), notes receivable (payable)		Overdue accounts receivable			Notes
Purchase (sale)	Amount	Proportion to total purchases/sales	Gross margin	Unit price (NTD)	Credit period	Unit price (NTD)	Credit period		Balance	Proportion to total accounts receivable (payable), notes receivable (payable)	Amount	Treatment	Allowance for bad debts	
Purchase	4,579	0%	-	Note 1	Note 1	Note 1	Note 1	-	1,024	1%	-	-	-	-
Sale	228,857	17%	54,124	Note 2	Note 2	Note 2	Note 2	-	40,038	11%	-	-	-	-

Note 1: The purchase of services from the controlling company is mainly the purchases for the establishment of systems, and there are no similar types of transactions to compare. The payment period is roughly 30 to 60 days.

Note 2: There is no significant difference in the transaction price of sales to non-related parties, and the payment collection period is 60–90 days. Service revenue includes software business contracts, including enterprise resource planning. Most of them are individual projects. Therefore, the contract price is determined by negotiation between both parties. The payment collection period is usually 30 to 120 days, and there is no significant difference in transactions with non-related parties.

(2) Property transactions: N/A.

(3) Financing provided: N/A.

(4) Asset leasing

Unit: NTD thousand

Type of transaction (Lease or rent)	Target property		Lease term	Nature of lease	Basis for determination of rent	Collection (payment) method	Comparison with the general rent	Total rent in the current period	Collection/payment in the current period	Other agreements
	Name	Location								
Lease-in	Office in Nangang Software Park	5F, No. 19-8, Sanchong Road, Nangang District, Taipei City	2022 Year	Operating lease	Contract	Remittance	Note	6,179	Monthly payment	Full or partial sublease (sublet) or sale is prohibited

Note: There are no similar types of transactions to compare with the rent of the leased office. The transaction price is negotiated by both parties, and the payment period is on a monthly basis.

(5) Other important transactions: N/A.

3. Endorsements/guarantees provided: N/A.

4. Other matters with significant effects on finance and business: N/A.

II. Private Placement of Securities in the Most Recent Year and up to the Publication of This Annual Report

On April 23, 2019, the Company's shareholders' meeting approved a proposal to increase capital in cash by private placement. The record date of the private placement was May 15, 2019. The purpose of the capital increase in cash was to repay bank loans and replenish working capital. In this private placement, the total number of shares was 5,084 thousand, and the subscription price per share was \$29. Through this capital increase, \$147,444 thousand has been raised, and the registration of the change has been completed.

The Company's board of directors resolved to arrange private placement of shares over-the-counter on August 11, 2022. The Taipei Exchange approved the application and it went into effect on October 26, 2022. The shares have been publicly traded from November 9, 2022.

III. The Company's Shares Held or Disposed of by Subsidiaries in the Most Recent Year and up to the Publication of This Annual Report: N/A.

IV. Other Important Supplementary Information: N/A.

V. Primary Listed (Foreign) Companies Shall Include a Description of Major Differences from Taiwan's Regulations on the Protection of Shareholders' Equity: N/A.

VI. Any Events that Occurred in the Most Recent Year and up to the Publication Date of This Annual Report which Significantly Affected Shareholders' Equity or the Price of Shares Pursuant to Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: N/A.



東捷資訊服務股份有限公司
Information Technology Total Services Corp.

www.itts.com.tw

Stock Code : 6697

ITTS's persistent value comes from stream
of clients' trust and delegation.

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