



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

-----www.itts.com.tw

Stock Code: 6697

2024 Annual Shareholders' Meeting

Meeting Agenda

Notice to readers

This English-version handbook is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail

Time: 9:00 a.m. on May 30 (Monday), 2024

Location: 2F, Building A, No. 19-10, Sanchong Road, Nangang District,
Taipei City (Conference Center, Nankang Software Park)

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Information Technology Total Services Co., Ltd.
Procedure for the 2024 Annual Shareholders' Meeting

- I. Call the Meeting to Order
- II. Addresses by Chairman
- III. Report Items
- IV. Ratification Items
- V. Directors Election
- VI. Discussion Items
- VII. Extraordinary Motions
- VIII. Adjournment

Information Technology Total Services Co., Ltd.

Year 2024 Agenda of the Annual Shareholders' Meeting

Time: 9:00 a.m. on May 30 (Thursday), 2024

Place: Conference Center, Nankang Software Park

(2F, Building A, No. 19–10, Sanchong Road, Nangang District, Taipei City)

Convening Method: Physical shareholders meeting

I. Call to Order

II. Addresses by Chairman

III. Report Items

1. Business Report for 2023.
2. 2023 Audit Committee's Review Report.
3. Report on Distribution of employees' and directors' remuneration for 2023.
4. Report on Distribution of cash dividend from Profits in 2023.
5. Report on Amendments to partial articles of the Rules of Board Meetings.

IV. Ratification Items

1. Ratification of Business Report and Financial Statements for 2023.
2. Ratification of Proposal for the Distribution of 2023 Earnings.

V. Directors Election

1. Proposal for the Company's election of 13th Directors.

VI. Discussion Items

1. Proposal for Amendments to partial articles of Articles of Incorporation.
2. Proposal to release the newly-elected Directors and their corporate representatives from non-competition restrictions.

VII. Extraordinary Motions

VIII. Adjournment

Report Items

1. Business Report for 2023. Please review.

For the 2023 Business Report, please refer to Attachment 1 on pages 8–11 of this handbook.

2. 2023 Audit Committee's Review Report. Please review.

For the 2023 Audit Committee's Review Report, please refer to Attachment 2 on page 12 of this handbook.

3. Report on Distribution of employees' and directors' remuneration for 2023. Please review.

In 2023, the Company made provisions of NT\$ 6,889,000 and NT\$ 4,918,000 to be paid to employees and directors as remuneration fully in cash.

4. Report on Distribution of cash dividend from Profits in 2023. Please review.

The board of directors has appropriated NT\$60,111,401 as dividends to shareholders from the earnings available for distribution in 2023, at NT\$2.2 per share. The calculation method for the distribution of cash dividends this time adopts the "round down to the nearest dollar" approach. The total amount of fractional cents less than one dollar will be adjusted from the smallest decimal point digit to the largest, and the sequence of account numbers will be adjusted from the front to the back until it matches the total amount of cash dividends to be distributed.

5. Report on Amendments to partial articles of the Rules of Board Meetings. Please review.

According to the directive numbered 1120383996 issued by the Financial Supervisory Commission, propose amendments to certain articles of "Rules Governing Board Meeting". The comparison table of amendments to "Rules Governing Board Meeting", please refer to Attachment 5 on pages 36 of this handbook.

Ratification Items

Proposal 1

Ratification of Business Report and Financial Statements for 2023 (Proposed by the Board of Directors)

Description:

1. The Board of Directors of the Company prepared and submitted the 2023 financial statements (including consolidated financial statements), which have been audited by Ping-Chun Chih and Tsung-Hsi Lai, CPAs at PricewaterhouseCoopers Taiwan, and the business report to the Audit Committee of the Company for review, which has issued a review report.
2. For the aforementioned business report, independent auditor's report, and various financial statements, please refer to Attachment 1 on pages 8–11 and Attachment 3 on pages 13–34 of this handbook.

Resolution:

Proposal 2

Ratification of Proposal for the Distribution of 2023 Earnings. (Proposed by the Board of Directors)

Description:

- I. The Company's 2023 earnings appropriation has been resolved by the Board of Directors and submitted to the Audit Committee for review.
- II. For the Distribution of Earnings for 2023, please refer to Attachment 4 on page 35 of this handbook.

Resolution:

Directors Election

Proposal 1

Proposal for the Company's election of 13th Directors. (Proposed by the Board of Directors)

Description:

- I. The 12th term of the office for Directors will expire on July 29, 2024. The re-election is proposed to be conducted at general meeting of shareholders.
- II. According to the Company's Articles of Incorporation, there shall be 9 directors to be elected (including 3 independent directors), adopting a candidate nomination system, whereby shareholders shall vote on the list of director candidates.
- III. The terms of the new Directors will be three years. shall serve a term of three years, commencing from May 30, 2024, and ending on May 29, 2027, with the term of office for outgoing directors expiring upon the completion of the current shareholders' meeting.
- IV. The list of director candidates (including independent directors) has been approved by the board of directors of the company on February 21, 2024. Please refer to Attachment 6 on pages 37-38 of this manual for the list of director candidates.
- V. The current election is conducted in accordance with the "Rules Governing Election of Directors"

Resolution:

Discussion Items

Proposal 1

Proposal for Amendments to partial articles of the “Articles of Incorporation”. (Proposed by the Board of Directors)

Description:

- I. In accordance with Articles 177, 205, and 206 of the Company Act, propose amendments to certain articles of the “Articles of Incorporation”.
- II. For the Comparison Table of Amendments to the “Articles of Incorporation”, please refer to Attachment 8 on pages 42 of this handbook.

Resolution:

Proposal 2

Proposal to release the newly-elected Directors and their corporate representatives from non-competition restrictions. (Board of directors' proposal) Description:

- I. In accordance with Article 209 of the Company Act, “Directors who act within the business scope of the Company for themselves or others shall explain the important contents of their actions to the shareholders’ meeting and obtain its permission.”
- II. Considering the newly appointed directors (including independent directors) who may have investments or engage in the operations of other companies with similar or related business scopes to that of the company, it is proposed to request the shareholders' meeting to lift the restrictions on the newly appointed directors and their representatives engaging in competitive activities, provided that it does not harm the interests of the company.
- III. Details regarding the competitive restrictions for newly appointed directors (including independent directors) and their representatives can be found in Attachment 7 on pages 39-41 of this manual.

Resolution:

Extraordinary Motions

Adjournment

Information Technology Total Services Co., Ltd.

Business Report

Dear Shareholders,

2023 was a pivotal year for ITTS to consolidate strength and demonstrate resilience. In the post-pandemic era, despite facing global economic fluctuations, environmental challenges, and complex geopolitical situations, we managed to maintain our core business and achieve profitable growth. Despite the impacts of high interest rates, high inflation, and a post-pandemic economic performance in China that was below expectations, we faced these challenges head-on. We not only succeeded in maintaining stable business growth but also continued to innovate and make strategic investments. Our developments in carbon accounting management solutions, AI applications for smart factories, zero trust cybersecurity, and innovative financial applications in ERP have all shown significant growth, laying a solid foundation for the company's future development.

According to IDC market intelligence, driven by demands in sustainable operations, artificial intelligence applications, hybrid cloud applications, and next-generation security protections, Taiwan's IT services market is projected to grow at a steady compound annual growth rate (CAGR) of 5% from 2023 to 2027. Leveraging this positive market outlook, we are committed to innovating and working diligently to further cultivate the market. We aim to seize opportunities brought by digital transformation and sustainable development to achieve steady revenue and profit growth. Our goal is to outperform in a competitive market and create long-term, sustainable value for our shareholders.

I. Review of 2023 Business Performance

Our company's strategic direction is focused on developing intelligent digital service applications. In addition to providing SAP ERP consulting, implementation, and after-sales services, we are also expanding into digital intelligent value-added applications. We are actively pursuing market and technological trends in cybersecurity, ESG, generative artificial intelligence (AI), and financial transformation. Our developments include smart manufacturing, zero trust cybersecurity, enterprise cloud solutions, and 'Carbon Track,' a one-stop intelligent carbon management integration service. We are collaborating with the global tech giant SAP to promote the 'SAP Multi-Bank Connectivity (MBC)' solution, introducing innovative approaches to the financial sector. These efforts not only serve as a strong and stable driver of our operational growth but have also garnered substantial recognition and support from our extensive customer base. In terms of market expansion, we have not only solidified our traditional customer base in manufacturing, government agencies, and the service industry but have also created new opportunities in financial cybersecurity and green finance.

(I) Business Plan and Implementation

For the fiscal year 2023, our net revenue was NT\$1,343,318 thousand, a slight increase from the previous year, with a gross margin of 14%. The net profit after tax was NT\$74,163 thousand, resulting in earnings per share of NT\$2.71, marking a growth in profitability. Moreover, the days sales outstanding (DSO) improved from 142 days in 2022 to 132 days, effectively achieving our financial control objectives.

(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	
		2023	2022
Financial structure	Debt to assets ratio	42.32	37.49
	Long-term capital to property, plant and equipment ratio (%)	1,866.33	1,713.92
Solvency	Current ratio	186.27	194.40
	Quick ratio	181.60	184.10
	Interest coverage ratio	374.87	122.42
Operating ability	Accounts receivable turnover days	133	142
	Inventory turnover days	2	3
Profitability	Return on assets (%)	7.84	6.46
	Return on shareholders' equity (%)	13.05	10.10
	Operating income to paid-in capital ratio (%)	27.84	18.85
	Pre-tax profit to paid-in capital ratio (%)	32.70	24.13
	Net income after tax (%)	5.52	4.18
	Earnings per share (NTD)	2.71	2.04

(IV) Performance in research and development

1. Development of data governance management platform

By constructing a unified data sharing platform that consolidates diverse data from various systems, we not only enhance data access efficiency and optimize processing workflows but also ensure data consistency and availability. This supports businesses in gaining insights from data analytics and making informed decisions, furthering innovation and achieving digital transformation goals.

2. AI Data Asset Analysis and Forecasting Module

Utilizing AI and machine learning technologies, the company empowers businesses with data-driven insights for predicting future trends and outcomes. This tool serves as an aid for identifying business opportunities and optimizing

decision-making and efficiency.

3. Development of User Help Desk (UHD) platform

Customers can submit their inquiries online at the UHD platform. The system automates the routing of these inquiries to the appropriate service agents, allowing customers to track the status of their issues in real time. All issues and feedback are digitally recorded, enhancing service efficiency and boosting customer trust and satisfaction.

4. AI applications for proprietary products (supplier inquiry and procurement EPM, manufacturing execution system (MES), warehouse management system (WMS))

Integrating AI not only enhances the competitiveness of these products but also creates greater value for our customers. The Supplier Inquiry and Procurement EPM system, enhanced with AI, automates and optimizes the supplier inquiry and procurement process, significantly improving efficiency and cost-effectiveness. Smart manufacturing integrates AI and data analytics to optimize production processes and improve product quality, while smart warehousing introduces AI to enhance the efficiency of warehouse management.

II. Overview of the business plan for 2024

Despite ongoing risks and challenges in the international market, the recovery trend in foreign trade is expected to positively impact Taiwan. According to estimates from the Directorate General of Budget, Accounting and Statistics, Taiwan's economy is expected to stabilize gradually, with a projected economic growth of 3.35% for the year 2024. Additionally, as per the 2023 Information Software and Service Industry Yearbook report by the Market Intelligence & Consulting Institute (MIC), businesses will continue to increase IT investments to enhance efficiency and strengthen digital resilience, focusing on areas such as ERP upgrades, cloud services, and supply chain management. Furthermore, the promotion of ESG and green finance will drive investments in sustainable solutions, carbon accounting management, and applications for the EU's Carbon Border Adjustment Mechanism (CBAM) certificates. Moreover, AI-driven SaaS growth is poised to transform the industry structure, with generative AI accelerating industry transformation and innovation. Our company is keenly attuned to market trends and dynamics, deepening cooperation with strategic partners while closely monitoring and aligning with domestic and international industry, academic, and governmental trends and policies to continue exploring market opportunities.

(I) Business strategies and growth plans in FY2024:

The main product and service development strategies and plans are as follows:

- Data Governance and AI Applications: We are integrating system data to provide a unified data management platform and data application solutions. By leveraging AI technology, we continue to develop applications for smart factories,

cloud-based intelligent customer service, and financial cybersecurity, offering our clients digital optimization and value-added services.

- Enterprise Cloud and Subscription-based Service Applications: To address the cloud migration needs of enterprise clients, we are promoting the SAP ERP cloud subscription upgrade and offsite backup solutions, SAP Multi-Bank Connectivity (MBC), and cloud-based intelligent customer service, among other cloud subscription-based solutions.
- Zero Trust Cybersecurity Solutions: Targeting financial sector clients, we are acting as an agent for and promoting financial payment security solutions, including database encryption security solutions and password-less identity authentication integration services. We are also promoting Zero Trust cybersecurity across manufacturing, government, and service industries.
- Intelligent Carbon Management Solutions: We have developed and are promoting the CarbonTracker intelligent carbon management platform solution to help businesses effectively manage organizational carbon emissions and product carbon footprints. This includes quickly producing carbon accounting reports, CBAM certificate filings, and customized carbon footprint compliance reports. Through digitalization and real-time visual management, we assist enterprises in achieving their energy-saving, carbon reduction, and sustainable management goals.

(II) Outlook for the future

Looking ahead, we will proactively respond to global trends in generative AI and the 2050 net zero carbon emissions plan, as well as related regulatory developments, bringing new business opportunities. Our future strategies will continue to focus on “Digital Transformation” and “ESG Sustainability” as core pillars, concentrating on developing data governance and AI smart applications, enterprise cloud subscription services, Zero Trust cybersecurity, and integrated intelligent carbon management services. We will continue to innovate and improve our products and services to lead the company on its path of digital transformation, achieving stable growth and creating greater value for our clients.

Externally, we will deepen relationships with clients and partners, utilizing generative AI and digital marketing tools for precise marketing, and integrating cross-departmental marketing resources to explore more business opportunities. Internally, we will continue to optimize information processes to enhance operational efficiency and strengthen performance reward systems to encourage cross-departmental collaboration. Additionally, we will continue to launch initiatives for the cultivation of talent in cloud computing, cybersecurity, and smart technologies, while enhancing

the efficiency and satisfaction of our professional consulting services through our digital customer service platform. These business strategies will keep us at the forefront of digital transformation and the application of innovative technologies, providing outstanding service to our clients and creating long-term value for our shareholders. Our team will work tirelessly to ensure that our business strategies evolve in sync with market demands, laying a solid foundation for the future growth of the company.

Chairman:
Kao,Shang-Wei

President:
Chen, Chun-Hsu

Accounting Manager:
Hung, Lung-Chu

Audit Committee's Review Report

The Company's 2023 Business Report, Financial Statements, and Profit Appropriation Proposal have been prepared by the Board of Directors. The financial Statements have been audited by PricewaterhouseCoopers Taiwan and issued with an audit report. The Audit Committee reviewed the aforementioned Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements, and Profit Appropriation Proposal and found no inconsistency, which is hereby reported in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Information Technology Total Services Co., Ltd.
Convener of the Audit Committee: Yi-Bing Lin

Feb 21, 2024

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022
(STOCK CODE: 6697)

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese language independent auditors' report and consolidated financial statements shall prevail.

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 2023 (from January 1, 2023, to December 31, 2023), 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.

It is hereby certified that the information disclosed herein is true and correct.

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

Responsible Person: Shang-Wei Kao

February 21, 2024

INDEPENDENT AUDITOR’S REPORT

(2024) Cai-Shen-Bao-Zi No. 23003145

To Information Technology Total Services Co., Ltd.:

Audit opinion

We have reviewed the accompanying consolidated balance sheets of Information Technology Total Services Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) for the years ended December 31, 2023 and 2022, and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to December 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and promulgated by the Financial Supervisory Commission (FSC), based on our audit results and the audit reports of other certified public accountants (CPAs) (see the section of “Other matters”).

Basis of audit opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Report section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of our audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of the Group for the year ended December 31, 2023, based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the Group for the year ended December 31, 2023, are stated as follows:

Service revenue – the correctness of recognition of the establishment of information systems

Description

Please refer to Note 4(25) of the consolidated financial statements for the accounting policies for the revenue recognition of the Group. For critical accounting estimates and assumptions, please refer to Note 5 of the consolidated financial statements.

The main business items of the Group are information software, information processing, and electronic information supply, and the sale of a variety of information equipment, as well as other products and services. Among them, the service revenue from the construction of information systems is recognized as revenue according to the percentage of completion method when the service is provided to each customer during the financial reporting period. The percentage of completion is determined on the basis of the cost incurred as of the balance sheet date, which is determined based on the total estimated cost of the service contract. Because the percentage of completion involves the judgment of the management, and the service revenue for 2023 has a material impact on the consolidated financial statements, we have listed the recognition of the service revenue as a key audit matter.

Corresponding audit procedures

The main corresponding procedures we have implemented for said specific aspect of the key audit matter are as follows:

1. Understand the control process of the revenue recognition regarding information system construction services to evaluate the effectiveness of the internal control of the revenue recognition.
2. Randomly audit the service revenue from information system construction projects recognized throughout the year; check the prices of customer service contracts, the service items provided, and the payment conditions; obtain the project cost details; check the receipts for the costs invested; and verify the percentages of the costs invested, to confirm the correctness of the time point and amount of service revenue recognized based on the percentage of completion of each project.
3. Examine the completed contracts after the balance sheet date and examine the difference between the actual costs and the estimated costs, so as to evaluate the reasonableness of the calculation of the percentage of completion.

Other matters – other CPAs’ audit

As stated in Note 6(7) of the consolidated financial statements, the financial statements of the Group’s investees using the equity method included in the consolidated financial statements were not audited by ourselves but by other CPAs. Therefore, in the opinion expressed by us regarding aforementioned consolidated financial statements, the amounts listed in the investees’ financial statements and relevant information disclosed in Note 13 are based on the audit reports of other CPAs. The amount of investment in the aforementioned companies using the equity method as of December 31, 2023 and 2022 was NT\$41,768 thousand and NT\$42,625 thousand, respectively, accounting for 4% and 5% of the total consolidated assets, respectively. For the years ended December 31, 2023 and 2022, the comprehensive income recognized for the aforementioned companies was NT\$8,553 thousand and NT\$10,343 thousand, respectively, accounting for 12% and 17% of the consolidated comprehensive income, respectively.

Other matters – parent company only financial report

The Company has also prepared the parent company only financial statements for the years ended December 31, 2023 and 2022, for which we have issued an unqualified opinion, alongside the audit report as in the section of “Other matters.”

Responsibilities of the management and governance bodies for the consolidated financial statements

The management is responsible for preparing the financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and pronouncements of interpretation approved and published by the Financial Supervisory Commission, and maintaining the necessary internal control related to preparation of the consolidated financial statements to ensure that the consolidated financial statements are free of material misstatement due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting, unless the management intends to liquidate the Group or cease operations or has no viable alternative but to liquidate or cease operations.

The governance bodies of the Group (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance means a high degree of assurance. However, there is no guarantee that any material misstatement contained in the consolidated financial statements will be discovered during an audit conducted in accordance with the auditing standards of the Republic of China. Misstatement can arise from fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We rely on our professional judgment and professional skepticism during an audit conducted in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. We identified and assessed the risk of any misstatement in the consolidated financial statements due to fraud or error, designed and implemented response measures suitable for

the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. Since fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, we did not find that the risk of misstatement due to fraud was higher than the same due to errors.

2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists for said events or conditions, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusion was based on the audit evidence obtained as of the date of this audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between ourselves and the governance bodies include the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided governance bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective

measures).

From the matters communicated with the governance bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the audit report unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases in which we decided not to communicate specific items in the audit report, for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

PricewaterhouseCoopers Taiwan

Ping-Chun Chih

CPA

Tsung-Hsi Lai

Former Securities Administration Commission, Ministry of
Finance

Approval No.: (1999) Tai-Cai-Zheng (VI) No. 16120
Securities and Futures Bureau, Financial Supervisory
Commission, Executive Yuan

Approval No.: Jin-Guan-Zheng-VI-Zi No. 0960038033

February 21, 2024

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalent	6(1)	\$ 306,754	30	\$ 171,492	19
1136	Financial assets measured at amortized cost – current	6(3) and (8)	1,126	-	755	-
1140	Contract assets – current	6(17)	89,442	9	35,235	4
1150	Notes receivable, net	6(4)	6,362	-	1,657	-
1160	Notes receivable – related parties, net	7	-	-	441	-
1170	Accounts receivable, net	6(4)	271,596	27	293,888	33
1180	Accounts receivable - related parties, net	7	74,760	7	71,217	8
1200	Other receivables		5,332	1	6,030	1
1210	Other receivables – related parties	7	-	-	61	-
130X	Inventories	6(5)	2,661	-	7,939	1
1410	Prepayments	6(6)	16,701	3	24,469	3
1470	Other current assets		79	-	106	-
11XX	Total current assets		<u>774,813</u>	<u>77</u>	<u>613,290</u>	<u>69</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive profit or loss - non-current	6(2)	32,524	3	32,530	4
1535	Financial assets measured at amortized cost – non-current	6(3) and (8)	246	-	357	-
1550	Investment using equity method	6(7)	45,137	4	46,289	5
1600	Property, plant, and equipment	6(8)	31,910	3	33,265	4
1755	Right-of-use assets	6(9)	9,243	1	14,592	1
1780	Intangible assets		888	-	1,191	-
1840	Deferred income tax assets		1,334	-	5,847	1
1920	Refundable deposits		8,890	1	7,907	1
1930	Long-term notes and accounts receivable	6(10)	98,363	10	130,095	15
1990	Other non-current assets – others	6(12)	8,197	1	248	-
15XX	Total non-current assets		<u>236,732</u>	<u>23</u>	<u>272,321</u>	<u>31</u>
1XXX	Total assets		<u>\$ 1,011,545</u>	<u>100</u>	<u>\$ 885,611</u>	<u>100</u>

(Continued)

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liability and equity	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current liabilities						
2130	Contract liabilities – current	6(16)	\$ 24,223	2	\$ 14,633	2
2150	Notes payable		720	-	891	-
2170	Accounts payable		287,656	28	187,610	21
2180	Accounts payable – related parties	7	8,637	1	8,341	1
2200	Other payables	6(10)	75,853	8	72,292	8
2220	Other payables – related parties	7	2,381	-	2,978	-
2230	Income tax liabilities in the current period	6(23)	7,022	1	9,867	1
2280	Lease liabilities – current		4,612	-	5,577	1
2399	Other current liabilities – others		4,850	1	13,286	1
21XX	Total current liabilities		<u>415,954</u>	<u>41</u>	<u>315,475</u>	<u>35</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(23)	6,884	1	6,576	1
2580	Lease liabilities – non-current		4,887	-	9,239	1
2645	Deposit received		397	-	743	-
25XX	Total non-current liabilities		<u>12,158</u>	<u>1</u>	<u>16,558</u>	<u>2</u>
2XXX	Total liabilities		<u>428,112</u>	<u>42</u>	<u>332,033</u>	<u>37</u>
Equity						
Equity attributable to owners of the parent company						
Share capital						
3110	Common shares	6(12)	273,234	27	273,234	31
3200	Capital surplus	6(13)	158,042	16	158,042	18
3310	Legal Reserve	6(14)	53,949	5	48,340	5
3320	Special reserves		1,042	-	5,484	1
3350	Undistributed Earnings		98,794	10	69,520	8
Other equity						
3400	Other equity	6(15)	(1,628)	-	(1,042)	-
31XX	Total equity attributable to owners of the parent company		<u>583,433</u>	<u>58</u>	<u>553,578</u>	<u>63</u>
3XXX	Total equity		<u>583,433</u>	<u>58</u>	<u>553,578</u>	<u>63</u>
Material contingent liabilities and 9 unrecognized contractual commitments						
3X2X	Total liabilities and equity		<u>\$ 1,011,545</u>	<u>100</u>	<u>\$ 885,611</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Item	Note	Year ended December 31			
			2023		2022	
			Amount	%	Amount	%
4000	Operating Revenue	6(17) and 7	\$ 1,343,318	100	\$ 1,330,274	100
5000	Operating costs	6(5), (12), (22) and 7	(1,157,535)	(86)	(1,146,926)	(86)
5950	Gross profit, net		<u>185,783</u>	<u>14</u>	<u>183,348</u>	<u>14</u>
	Operating expenses	6(12), (22) and 7				
6100	Selling expenses		(19,616)	(1)	(20,435)	(1)
6200	Administrative expenses		(80,284)	(6)	(79,865)	(6)
6300	R&D expense		(9,809)	(1)	(9,499)	(1)
6450	Expected credit impairment losses	12(2)	-	-	(22,050)	(2)
6000	Total operating expenses		(109,709)	(8)	(131,849)	(10)
6900	Operating profits		<u>76,074</u>	<u>6</u>	<u>51,499</u>	<u>4</u>
	Non-operating income and expense					
7100	Interest revenue	6(18)	1,672	-	470	-
7010	Other revenue	6(19)	3,480	-	3,528	-
7020	Other gains and losses	6(20)	106	-	1,045	-
7050	Financial costs	6(9)(21)	(239)	-	(543)	-
7060	Share of profit or loss on associates and joint ventures accounted for using the equity method	6(7)	<u>8,263</u>	<u>1</u>	<u>9,933</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>13,282</u>	<u>1</u>	<u>14,433</u>	<u>1</u>
7900	Profit before tax		<u>89,356</u>	<u>7</u>	<u>65,932</u>	<u>5</u>
7950	Income tax expense	6(23)	(15,193)	(1)	(10,291)	(1)
8200	Current net income		<u>\$ 74,163</u>	<u>6</u>	<u>\$ 55,641</u>	<u>4</u>
	Other net consolidated incomes					
	Items not reclassified to profits and losses					
8320	Share of other comprehensive income on associates and joint ventures accounted for using the equity method – items not reclassified to profit or loss	6(6)	(\$ 6)	-	\$ 560	-
8349	Income tax related to not reclassified items	6(23)	1	-	(112)	-
	Items possibly reclassified to profits and losses later					
8361	Difference in exchange from the conversion of financial statements of overseas operating entities	6(16)	(732)	-	4,706	1
8399	Income tax related to items likely to be reclassified	6(23)	146	-	(264)	-
8300	Other net consolidated incomes		<u>\$ 591</u>	<u>-</u>	<u>\$ 4,890</u>	<u>1</u>
8500	Current total comprehensive income		<u>\$ 73,572</u>	<u>6</u>	<u>\$ 60,531</u>	<u>5</u>
	Net profit attributable to:					
8610	Parent company shareholders		<u>\$ 74,163</u>	<u>6</u>	<u>\$ 55,641</u>	<u>4</u>
	Total comprehensive income attributable to:					
8710	the owner of parent company		<u>\$ 73,572</u>	<u>6</u>	<u>\$ 60,531</u>	<u>5</u>
	Earnings per share	6(24)				
9750	Basic earnings per share		<u>\$ 2.71</u>		<u>\$ 2.04</u>	
9850	Diluted earnings per share		<u>\$ 2.70</u>		<u>\$ 2.02</u>	

The accompanying notes are an integral part of these consolidated financial statements.

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Notes	Equity attributable to owners of the parent company					Exchange differences on translation of financial statements of foreign operations	Total
		Common shares	Capital surplus- additional paid-in capital	Legal reserve	Special reserves	Undistributed Earnings		
<u>2022</u>								
Balance on January 1, 2022		\$ 273,234	\$ 158,042	\$ 41,087	\$ 4,279	\$ 76,536	(\$ 5,484)	\$ 547,694
Current net income		-	-	-	-	55,641	-	55,641
Current other comprehensive income	6(16)	-	-	-	-	448	4,442	4,890
Current total comprehensive income		-	-	-	-	56,089	4,442	60,531
2021 earnings allocation and appropriation	6(15)							
Appropriation for legal reserve		-	-	7,253	-	(7,253)	-	-
Appropriation for special reserve		-	-	-	1,205	(1,205)	-	-
Distribution of cash dividends		-	-	-	-	(54,647)	-	(54,647)
Balance on December 31, 2022		\$ 273,234	\$ 158,042	\$ 48,340	\$ 5,484	\$ 69,520	(\$ 1,042)	\$ 553,578
<u>2023</u>								
Balance on January 1, 2023		\$ 273,234	\$ 158,042	\$ 48,340	\$ 5,484	\$ 69,520	(\$ 1,042)	\$ 553,578
Current net income		-	-	-	-	74,163	-	74,163
Current other comprehensive income	6(16)	-	-	-	-	(5)	(586)	(591)
Current total comprehensive income		-	-	-	-	74,158	(586)	73,572
2022 earnings allocation and appropriation	6(15)							
Appropriation for legal reserve		-	-	5,609	-	(5,609)	-	-
Appropriation for special reserve		-	-	-	(4,442)	4,442	-	-
Distribution of cash dividends		-	-	-	-	(43,717)	-	(43,717)
Balance on December 31, 2023		\$ 273,234	\$ 158,042	\$ 53,949	\$ 1,042	\$ 98,794	(\$ 1,628)	\$ 583,433

The accompanying notes are an integral part of these consolidated financial statements.

Chairman: Shang-Wei Kao

Manager: Shang-Wei Kao

Accounting Manager: Lung-Chu Hung

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Note	Year ended December 31	
		2023	2022
<u>Cash flow of operating activities</u>			
Net profit before tax this term		\$ 89,356	\$ 65,932
Adjustments			
Income, expense, and loss			
Depreciation expenses	6(7) and (8)	13,500	15,298
Amortization expenses		1,303	1,203
Expected credit impairment losses	12(3)	-	22,050
Interest expenses	6(20)	239	543
Interest revenue	6(17)	(1,672)	(470)
Dividend revenue	6(18)	(2,635)	(2,431)
Share of profit on associates and joint ventures accounted for the using equity method	6(19)	(8,263)	(9,933)
Gains on disposal of property, plant, and equipment		-	(2)
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Contract assets – current		(54,207)	16,771
Notes receivable, net		(4,705)	(1,223)
Notes receivable – related parties, net		441	4,717
Accounts receivable		22,292	(43,231)
Accounts receivable - related parties, net		(3,543)	(9,262)
Other receivables		698	1,269
Other receivables – related parties		61	(61)
Inventories		5,278	574
Prepayments		7,768	(6,274)
Other current assets – others		27	142
Net changes in liabilities related to operating activities			
Contract liabilities – current		9,950	(2,643)
Notes payable		(171)	(459)
Accounts payable		100,046	28,480
Accounts payable – related parties		296	(1,001)
Other payables		1,203	(4,125)
Other payables – related parties		(597)	1,351
Other current liabilities – others		(8,436)	8,555
Cash inflow from operations		167,869	85,770
Interest received		1,672	470
Dividends received	6(6)	12,044	2,781
Interest paid		(239)	(543)
Income tax paid		(13,071)	(16,254)
Net cash inflow from operating activities		168,275	72,224

(Continued)

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Note	Year ended December 31	
		2023	2022
<u>Cash flow of Investment activities</u>			
Cash paid for purchase of property, plant, and equipment	6(25)	(\$ 3,827)	(\$ 10,021)
Proceeds from disposal of property, plant, and equipment		-	203
Cash paid for acquisition of intangible assets		(1,000)	(999)
Financial assets measured at amortized cost – increase/decrease		(260)	360
Decrease in long-term notes and accounts receivable		31,732	31,791
Other non-current assets – others		(7,949)	-
Increase in refundable deposit		(983)	(2,840)
Net cash inflow (outflow) from investing activities		<u>17,713</u>	<u>18,494</u>
<u>Cash flow of fund-raising activities</u>			
Increase (Decrease) in guarantee received	6(26)	(346)	93
Repayment of lease principal	6(26)	(6,127)	(6,447)
Distribution of cash dividends	6(15)	(43,717)	(54,647)
Net cash outflow from financing activities	(26)	(50,190)	(61,001)
Exchange rate effect		(536)	1,495
Increase in cash and cash equivalents in the current period		135,262	31,212
Balance of cash and cash equivalents at beginning of period	6(1)	<u>171,492</u>	<u>140,280</u>
Balance of cash and cash equivalents at ending of period	6(1)	<u>\$ 306,754</u>	<u>\$ 171,492</u>

The accompanying notes are an integral part of these consolidated financial statements.

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD.
PARENT COMPANY ONLY FINANCIAL REPORT AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022
(STOCK CODE: 6697)

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese language independent auditors' report and consolidated financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

(2024) Cai-Shen-Bao-Zi No. 23003445

To Information Technology Total Services Co., Ltd.

Audit opinion

We reviewed the accompanying parent company only balance sheets of Information Technology Total Services Co., Ltd. (the "Company") for the years ended December 31, 2023 and 2022, and the relevant parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements (including a summary of significant accounting policies).

In our opinion, based on the audit results of the accountant and other accountant's audit reports (refer to the section of "Other matters"), the above-mentioned individual financial statements are prepared in accordance with the Securities Issuers Financial Reporting Standards and are sufficient to fairly present the financial position of the Company as of December 31, 2023 and 2022, as well as the individual financial performance and individual cash flows for the period from January 1, 2023 to December 31, 2023 and January 1, 2022 to December 31, 2022.

Basis of audit opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Report section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of our audit opinion.

Key audit matters

The key audit matters refer to the matters that, in the auditor's professional judgment, are of most significance in the audit of the Company's individual financial statements for the year

2023. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the parent company only financial statements of the Company for the year 2023, are stated as follows:

Service revenue – the correctness of recognition of the establishment of information systems

Description

Please refer to Note 4(25) of the parent company only financial statements for the accounting policies for the revenue recognition of the Company. For critical accounting estimates and assumptions, please refer to Note 5 of the parent company only financial statements.

The main business items of the Company are information software, information processing, and electronic information supply, and the sale of a variety of information equipment. Among them, the service revenue from the construction of information systems is recognized as revenue according to the percentage of completion method when the service is provided to each customer during the financial reporting period. The percentage of completion is determined on the basis of the cost incurred as of the balance sheet date, which is determined based on the total estimated cost of the service contract. Because the percentage of completion involves the judgment of the management, and the service revenue for 2023 has a material impact on the parent company only financial statements, we have listed the correctness of the recognition of the service revenue as a key audit matter.

Corresponding audit procedures

The main corresponding procedures we have implemented for said specific aspect of the key audit matter are as follows:

1. Understand the control process of the revenue recognition regarding information system construction services to evaluate the effectiveness of the internal control of the revenue recognition.
2. Randomly audit the service revenue from information system construction projects recognized throughout the year; check the prices of customer service contracts, the service items provided, and the payment conditions; obtain the project cost details; check the receipts for the costs invested; and verify the percentages of the costs invested, to confirm the correctness of the time point and amount of service revenue recognized based on the percentage of completion of each project.
3. Examine the completed contracts after the balance sheet date and examine the difference between the actual costs and the estimated costs, so as to evaluate the reasonableness of the calculation of the percentage of completion.

Other matters – other CPAs’ audit

As stated in Note 6(6) of the parent company only financial statements, the financial statements of the Company’s investees using the equity method included in the parent company only financial statements were not audited by ourselves but by other CPAs. Therefore, in the opinion expressed by us regarding aforementioned parent company only financial statements, the amounts listed in the financial statements and relevant information disclosed in Note 13 are based on the audit reports of other CPAs. The amount of investment in the aforementioned companies using the equity method as of December 31, 2023 and 2022 was NT\$41,768 thousand and NT\$42,625 thousand, respectively, accounting for 5% and 4% of the total standalone assets, respectively. For the years ended December 31, 2023 and 2022, the comprehensive income recognized for the aforementioned companies was NT\$8,553 thousand and NT\$10,343 thousand, respectively, accounting for 12% and 17% of the standalone comprehensive income, respectively.

Responsibilities of the management and governance bodies for the parent company only financial statements

The responsibilities of the management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation

of Financial Reports by Securities Issuers, and to maintain the necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The governance bodies of the Company (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

The CPAs inspect individual financial statements in order to be reasonably convinced over whether or not significant untruthful expressions exist in individual financial statements as a whole due to fraud or errors and issue the inspection report accordingly. Reasonable assurance means a high degree of assurance. However, there is no guarantee that any material misstatement contained in the parent-only financial statements will be discovered during an audit conducted in accordance with the auditing standards of the Republic of China. Misstatements may arise from fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

We rely on our professional judgment and professional skepticism during an audit conducted in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. We identified and assessed the risk of any misstatement in the individual financial statements due to fraud or error, designed and implemented response measures suitable for the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. Since fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, we did not find that the risk of misstatement due to fraud was higher than the same due to errors.
2. Understand the internal control related to the audit in order to design appropriate audit

procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists for said events or conditions, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we must modify our opinion. Our conclusion was based on the audit evidence obtained as of the date of this audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the parent company only financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

The matters communicated between ourselves and the governance bodies include the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided governance bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governance bodies, we determined the key audit matters for the audit of the Group's parent company only financial statements for the year 2023.

We have clearly indicated such matters in the audit report unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases in which we decided not to communicate specific items in the audit report, for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

PricewaterhouseCoopers Taiwan

Ping-Chun Chih

CPA

Tsung-Hsi Lai

Former Securities Administration Commission, Ministry of
Finance

Approval No.: (1999) Tai-Cai-Zheng (VI) No. 16120
Securities and Futures Bureau, Financial Supervisory
Commission, Executive Yuan

Approval No.: Jin-Guan-Zheng-VI-Zi No. 0960038033

February 21, 2024

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEET
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalent	6(1)	\$ 253,542	25	\$ 129,441	15
1136	Financial assets measured at amortized cost – current	6(3) and (8)	1,126	-	755	-
1140	Contract assets – current	6(16)	89,442	9	35,235	4
1150	Notes receivable, net	6(4)	6,362	1	1,657	-
1170	Accounts receivable, net	6(4)	270,881	27	292,893	33
1180	Accounts receivable - related parties, net	7	65,006	6	60,141	7
1200	Other receivables		5,412	1	6,136	1
1210	Other receivables – related parties	7	-	-	61	-
130X	Inventories	6(5)	1,729	-	7,939	1
1410	Prepayments		11,683	1	14,215	2
11XX	Total current assets		<u>705,183</u>	<u>70</u>	<u>548,473</u>	<u>63</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive profit or loss - non-current	6(2)	47	-	47	-
1535	Financial assets measured at amortized cost – non-current	6(3) and (8)	246	-	357	-
1550	Investment using equity method	6(6)	177,905	17	171,627	20
1600	Property, plant, and equipment	6(7)	7,966	1	6,177	1
1755	Right-of-use assets	6(8)	290	-	1,669	-
1780	Intangible assets		888	-	971	-
1840	Deferred income tax assets	6(22)	1,334	-	5,847	-
1920	Refundable deposits		7,649	1	6,665	1
1930	Long-term notes and accounts receivable	6(9)	98,363	10	130,095	15
1990	Other non-current assets – others	6(11)	8,197	1	248	-
15XX	Total non-current assets		<u>302,885</u>	<u>30</u>	<u>323,703</u>	<u>37</u>
1XXX	Total assets		<u>\$ 1,008,068</u>	<u>100</u>	<u>\$ 872,176</u>	<u>100</u>

(Continued)

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEET
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liability and equity	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current liabilities					
2130	Contract liabilities – current	6(16)	\$ 24,223	2	\$ 14,633	2
2150	Notes payable		720	-	891	-
2170	Accounts payable		280,774	28	178,904	21
2180	Accounts payable – related parties	7	48,771	5	43,999	5
2200	Other payables	6(10)	50,465	5	54,311	6
2220	Other payables – related parties	7	2,486	-	3,056	-
2230	Income tax liabilities in the current period	6(22)	5,084	1	6,557	1
2280	Lease liabilities – current	6(8)	272	-	1,382	-
2399	Other current liabilities – others		4,536	-	7,251	1
21XX	Total current liabilities		<u>417,331</u>	<u>41</u>	<u>310,984</u>	<u>36</u>
	Non-current liabilities					
2570	Deferred income tax liabilities	6(22)	6,884	1	6,576	1
2580	Lease liabilities – non-current	6(8)	23	-	295	-
2645	Deposit received		397	-	743	-
25XX	Total non-current liabilities		<u>7,304</u>	<u>1</u>	<u>7,614</u>	<u>1</u>
2XXX	Total liabilities		<u>424,635</u>	<u>42</u>	<u>318,598</u>	<u>37</u>
	Equity					
	Share capital					
3110	Common shares	6(12)	273,234	27	273,234	31
	Capital surplus					
3200	Capital surplus	6(13)	158,042	16	158,042	18
	Retained earnings					
3310	Legal Reserve	6(14)	53,949	5	48,340	5
3320	Special reserves		1,042	-	5,484	1
3350	Undistributed Earnings		98,794	10	69,520	8
	Other equity					
3400	Other equity	6(15)	(1,628)	-	(1,042)	-
3XXX	Total equity		<u>583,433</u>	<u>58</u>	<u>553,578</u>	<u>63</u>
	Material contingent liabilities and unrecognized contractual commitments	9				
	Material events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 1,008,068</u>	<u>100</u>	<u>\$ 872,176</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD.
PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Item	Note	Year ended December 31			
			2023		2022	
			Amount	%	Amount	%
4000	Operating Revenue	6(16) and 7	\$ 1,298,163	100	\$ 1,277,637	100
5000	Operating costs	6(5), (21) and 7	(1,143,563)	(88)	(1,132,877)	(89)
5900	Gross profit		154,600	12	144,760	11
5920	Realized gain from sales		-	-	289	-
5950	Gross profit, net		154,600	12	145,049	11
	Operating expenses	6(21) and 7				
6100	Selling expenses		(19,064)	(1)	(19,588)	(1)
6200	Administrative expenses		(65,071)	(5)	(65,514)	(5)
6300	R&D expense		(9,809)	(1)	(9,499)	(1)
6450	Expected credit impairment losses		-	-	(22,050)	(2)
6000	Total operating expenses		(93,944)	(7)	(116,651)	(9)
6900	Operating profits		60,656	5	28,398	2
	Non-operating income and expense					
7100	Interest revenue	6(17)	1,242	-	354	-
7010	Other revenue	6(18)	1,561	-	367	-
7020	Other gains and losses	6(19)	117	-	1,060	-
7050	Financial costs	6(20)	(61)	-	(274)	-
7070	Share of profit or loss on subsidiaries, associates, and joint ventures accounted for using the equity method	6(6)	23,054	2	32,553	3
7000	Total non-operating income and expenses		25,913	2	34,060	3
7900	Profit before tax		86,569	7	62,458	5
7950	Income tax expense	6(22)	(12,406)	(1)	(6,817)	(1)
8200	Current net income		\$ 74,163	6	\$ 55,641	4
	Other net consolidated incomes					
	Items not recategorized to profits and losses					
8330	Share of other comprehensive income on subsidiaries, associates, and joint ventures accounted for the using equity method – items not reclassified to profit or loss	6(6)	(\$ 6)	-	\$ 560	-
8349	Income tax related to not recategorized items	6(22)	1	-	(112)	-
	Items possibly recategorized to profits and losses later					
8361	Difference in exchange from the conversion of financial statements of overseas operating entities	6(15)	(732)	-	4,706	1
8399	Income tax related to items likely to be reclassified	6(22)	146	-	(264)	-
8300	Other net consolidated incomes		(\$ 591)	-	\$ 4,890	1
8500	Current total comprehensive income		\$ 73,572	6	\$ 60,531	5
	Earnings per share	6(23)				
9750	Basic earnings per share		\$ 2.71		\$ 2.04	
9850	Diluted earnings per share		\$ 2.70		\$ 2.02	

The accompanying notes are an integral part of these consolidated financial statements.

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD.
PARENT COMPANY ONLY STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Notes	Common shares	Capital surplus- additional paid-in capital	Retained earnings			Exchange differences on translation of financial statements of foreign operations	Total
				Legal reserve	Special reserves	Undistributed Earnings		
<u>2022</u>								
Balance on January 1, 2022		\$ 273,234	\$ 158,042	\$ 41,087	\$ 4,279	\$ 76,536	(\$ 5,484)	\$ 547,694
Current net income		-	-	-	-	55,641	-	55,641
Current other comprehensive income	6(15)	-	-	-	-	448	4,442	4,890
Current total comprehensive income		-	-	-	-	56,089	4,442	60,531
2021 earnings allocation and appropriation	6(14)							
Appropriation for legal reserve		-	-	7,253	-	(7,253)	-	-
Appropriation for special reserve		-	-	-	1,205	(1,205)	-	-
Distribution of cash dividends		-	-	-	-	(54,647)	-	(54,647)
Balance on December 31, 2022		\$ 273,234	\$ 158,042	\$ 48,340	\$ 5,484	\$ 69,520	(\$ 1,042)	\$ 553,578
<u>2023</u>								
Balance on January 1, 2023		\$ 273,234	\$ 158,042	\$ 48,340	\$ 5,484	\$ 69,520	(\$ 1,042)	\$ 553,578
Current net income		-	-	-	-	74,163	-	74,163
Current other comprehensive income	6(15)	-	-	-	-	(5)	(586)	(591)
Current total comprehensive income		-	-	-	-	74,158	(586)	73,572
2022 earnings allocation and appropriation	6(14)							
Appropriation for legal reserve		-	-	5,609	-	(5,609)	-	-
Appropriation for special reserve		-	-	-	(4,442)	4,442	-	-
Distribution of cash dividends		-	-	-	-	(43,717)	-	(43,717)
Balance on December 31, 2023		\$ 273,234	\$ 158,042	\$ 53,949	\$ 1,042	\$ 98,794	(\$ 1,628)	\$ 583,433

The accompanying notes are an integral part of these consolidated financial statements.

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD.
PARENT COMPANY ONLY STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Note	Year ended December 31	
		2023	2022
<u>Cash flow of operating activities</u>			
Net profit before tax this term		\$ 86,569	\$ 62,458
Adjustments			
Income, expense, and loss			
Depreciation expenses	6(7), (8) and (21)	4,054	3,533
Amortization expenses	6(21)	1,083	639
Expected credit impairment losses		-	22,050
Share of profit on subsidiaries and associates accounted for using the equity method	6(6)	(23,054)	(32,553)
Realized gross margin		-	(289)
Interest expenses	6(20)	61	274
Interest revenue	6(17)	(1,242)	(354)
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable, net		(4,705)	(1,223)
Notes receivable – related parties		-	3,790
Accounts receivable		22,012	(49,610)
Accounts receivable – related parties		(4,865)	(317)
Contract assets – current		(54,207)	16,771
Other receivables		724	1,399
Other receivables – related parties		61	(61)
Inventories		6,210	(375)
Prepayments		2,532	264
Net changes in liabilities related to operating activities			
Notes payable		(171)	(279)
Accounts payable		101,870	25,190
Accounts payable – related parties		4,772	10,110
Contract liabilities – current		9,590	(2,399)
Other payables		(5,171)	2,906
Other payables – related parties		(570)	3,056
Other current liabilities – others		(2,715)	2,950
Cash inflow from operations		142,838	67,930
Interest received		1,242	354
Dividends received	6(6)	16,039	350
Interest paid		(61)	(274)
Income tax paid		(8,912)	(15,099)
Net cash inflow from operating activities		151,146	53,261

(Continued)

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD.
PARENT COMPANY ONLY STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Note	Year ended December 31	
		2023	2022
<u>Cash flow of Investment activities</u>			
Financial assets measured at amortized cost – increase/decrease		(260)	359
Cash paid for purchase of property, plant, and equipment	6(24)	(3,139)	(1,987)
Acquisition of intangible asset		(1,000)	(999)
Decrease in long-term notes and accounts receivable		31,732	31,791
Increase in other non-current assets – others		(7,949)	-
Increase in refundable deposit		(984)	(2,849)
Net cash inflow (outflow) from investing activities		<u>18,400</u>	<u>26,315</u>
<u>Cash flow of fund-raising activities</u>			
Increase (Decrease) in guarantee received	6(25)	(346)	93
Repayment of lease principal	6(25)	(1,382)	(793)
Distribution of cash dividends	6(14)	(43,717)	(54,647)
Net cash outflow from financing activities		<u>(45,445)</u>	<u>(55,347)</u>
Increase in cash and cash equivalents in the current period		124,101	24,229
Balance of cash and cash equivalents at beginning of period	6(1)	<u>129,441</u>	<u>105,212</u>
Balance of cash and cash equivalents at ending of period	6(1)	<u>\$ 253,542</u>	<u>\$ 129,441</u>

The accompanying notes are an integral part of these consolidated financial statements.

Information Technology Total Services Co., Ltd.
2023's Earnings Distribution Table

Item	Amount
Opening undistributed earnings	24,634,950
Net income after tax for the year	74,164,040
Less: Other comprehensive income	(4,776)
Less: Appropriated for special reserve	(585,180)
Less: Appropriated 10% as legal reserve	(7,415,926)
Distributable earnings for the year	90,793,108
Less: Items to which earnings allocated	
Distribution of cash dividends (NT\$2.2 per share)	(60,111,401)
Undistributed earnings at end of the year	30,681,707

Chairman:
Kao,Shang-Wei

President:
Chen,Chun-Hsu

Accounting Manager:
Hung, Lung-Chu

Description:

- (I) In accordance with the regulations of the Ministry of Finance Letter Tai-Cai-Shui No. 871941343 dated April 30, 1998, in the case of distribution of earnings, the method of individual identification shall be adopted. The Company's earnings distribution principle is to allocate 2023 earnings first. In case of any insufficiency, the Company will allocate earnings accumulated over the years on the first-in-first-out basis in order of the years in which the earnings were generated.
- (II) The calculation method for the distribution of cash dividends this time adopts the "round down to the nearest dollar" approach. The total amount of fractional cents less than one dollar will be adjusted from the smallest decimal point digit to the largest, and the sequence of account numbers will be adjusted from the front to the back until it matches the total amount of cash dividends to be distributed.

Information Technology Total Services Co., Ltd.

Comparison Table of Amendments to Rules Governing Board Meeting

Amended content	Current provision	Description
<p>Article 3-1</p> <p>When the Chairman of the Board reaches the scheduled meeting time and more than half of the directors are present, the meeting shall be <u>promptly declared open</u>. If at the scheduled meeting time, less than half of all directors are present, the Chairman may announce a postponement of the meeting to the same day, with a limit of two postponements. The total duration of postponements shall not exceed one hour. If after two postponements there is still an insufficient quorum, the Chairman may reconvene the meeting in accordance with the procedure specified in the first paragraph. The term "all directors" shall be based on the actual incumbents.</p>	<p>Article 3-1</p> <p>When the Chairman of the Board has reached the scheduled meeting time and more than half of the directors are present, the meeting shall be declared open. If at the scheduled meeting time, less than half of all directors are present, the Chairman may announce a postponement of the meeting, with a limit of two postponements. The total duration of postponements shall not exceed one hour. If after two postponements there is still an insufficient quorum, the Chairman may reconvene the meeting in accordance with the procedure specified in the first paragraph. The term "all directors" shall be based on the actual incumbents.</p>	
<p>Section 3:</p> <p>The agenda set forth in the preceding clause shall not be adjourned by the Chairman until the conclusion of the deliberations (including any ad hoc motions) unless agreed upon by more than half of the attending directors. During the course of the meeting, the Chairman may, at their discretion, announce breaks or recesses for consultation. <u>In the event that the Chairman is unable to preside over the meeting or adjourns the meeting contrary to regulations, the appointment of their proxy shall be governed by the provisions of Article 12.</u></p>	<p>Section 3:</p> <p>The agenda scheduled in the preceding clause shall not be adjourned by the Chairman until the conclusion of the deliberations (including any ad hoc motions) unless agreed upon by more than half of the attending directors. During the course of the meeting, the Chairman may, at their discretion, announce breaks or recesses for consultation.</p>	
<p>Article 52</p> <p>This Code was implemented on May 8, 2019, with the consent of</p>	<p>Article 52</p> <p>This Code was implemented on Aug 15, 2011, with the consent of</p>	<p>The date of this amendment is added.</p>

Information Technology Total Services Co., Ltd.
Comparison Table of Amendments to Rules Governing Board Meeting

Amended content	Current provision	Description
<p>the Board of Directors.</p> <p>The 1st amendment of this Code was approved by the Board of Directors on December 25, 2017.</p> <p>The 2nd amendment of this Code was approved by the Board of Directors on December 24, 2018.</p> <p>The 3rd amendment of this Code was approved by the Board of Directors on November 11, 2022.</p> <p><u>The 4th amendment of this Code was approved by the Board of Directors on February 21, 2024.</u></p>	<p>the Board of Directors.</p> <p>The 1st amendment of this Code was approved by the Board of Directors on December 25, 2017.</p> <p>The 2nd amendment of this Code was approved by the Board of Directors on December 24, 2018.</p> <p>The 3rd amendment of this Code was approved by the Board of Directors on November 11, 2022.</p>	

**Information Technology Total Services Co., Ltd.
List of Candidate of Directors(including Independent
Directors)**

Name	Number of shares held (Note)	Main academic qualifications/experiences
1. Representative of TECO Electric & Machinery Co., Ltd.: Shang-Wei Kao	11,467,248 shares	Master of Engineering Management, National Taiwan University of Science and Technology Chairman, Information Technology Total Services Chairman, Unison Service Corporation Chairman, Universal Mail Service Ltd. Director, Royal Co., Ltd. Director, An-Hui Information Director, Tension Envelope Taiwan Corporation Director, Jie Zheng Property Service & Management Director, Century Development Corporation
2. Representative of TECO Electric & Machinery Co., Ltd.: Chwen-Jy Chiu	11,467,248 shares	Master of Business Administration (MBA), West Coast University, USA Chairman, TECO Electric & Machinery Co., Ltd. Chairman, Pelican Chairman, Teco-Westinghouse Motor Company Chairman, APT
3. Representative of TECO Electric & Machinery Co., Ltd.: Chi-Tseng Peng	11,467,248 shares	Master of Telecom Engineering, University of Pittsburgh, the U.S. EMBA, National Chengchi U. Vice president, Software department, IBM, Tivoli SW (Greater China area) Vice president, Microsoft (China) and superintendent, public business group (Greater China area)
4. Representative of TECO Electric & Machinery Co., Ltd.: Victor Hsu	11,467,248 shares	Master of Business Administration from the University of Illinois at Urbana-Champaign Deputy Manager at the Finance and Management Center of TECO Electric & Machinery Co., Ltd. Vice President of Finance, Lite-On Technology CFO, Samson Holding Ltd.

**Information Technology Total Services Co., Ltd.
List of Candidate of Directors(including Independent
Directors)**

Name	Number of shares held (Note)	Main academic qualifications/experiences
5. Wen-Nan Chan	0 shares	Ph.D. in Information Management, National Central University Independent Director, Chunghwa Precision Test Tech Independent Director , Partner Tech Corp. Independent Director , CTCI Advanced Systems Independent Director, ASolid Technology Co., Ltd Director, HanTech Venture Capital Corporation Director, Ucarer Taiwan Director, Market Intelligence & Consulting Institute Advisor, Ministry of Economic Affairs Chairman, Asia Pacific Industrial Analysis Association (APIAA)
6. Shao-Tang Li	0 shares	Bachelor, Department of International Business, TamKang University Director, FSP Technology Inc. Director, Ye Siang Enterprise Co., Ltd. Director, Kiwi Technology Inc. Director, Avatack Co., Ltd. Director, Symbio, Inc. Director, EasyCard Investment Holdings Co., Ltd. Director, EasyCard Corporation. Director, WITS
7. Wan-Ying Lin (Independent Director)	0 shares	PhD in Accounting, Boston University, USA Adjunct Associate Professor, Department of Accounting, National Chengchi U. Independent director, Wellell Inc. Independent director, Crystalvue Medical Corp. Independent director, LIEN CHANG Independent director, Pelican (Dismissed in May 2024)

**Information Technology Total Services Co., Ltd.
List of Candidate of Directors(including Independent
Directors)**

Name	Number of shares held (Note)	Main academic qualifications/experiences
8. Cheng-Kiang Farn (Independent Director)	0 shares	PhD, Management School of UCLA, USA Visiting Professor in the Department of Information Management at Chung Yuan Christian University Project Manager, Senior Analyst, Systems Analyst at Administrative Information Services, UCLA Assistant Director, Deputy Director of Integrated Systems Information Division at Government Technology Agency of Singapore Visiting Associate Professor and Department Chair in the Department of Information Management at National Sun Yat-sen University Director, Computer Center at National Central University Distinguished Professor, Professor, Associate Professor and Department Chair, Department of Information Management at National Central University Independent Director, Digiwin Software
9. Hung-Chieh Chen (Independent Director)	0 shares	Master's, Division of Criminal Law, Department of Law, National Taipei University Lawyer in charge of the Commercial and Securities Law Group, New Hope Law Firm Independent Director, X-Legend Entertainment Co., Ltd. Supervisor, Da-Yeh University Director of KKL (Xiamen) Trading Co., Ltd. Appointed Officer at the Tourism Bureau, Ministry of Transportation and Communications Executive Secretary at Tosun Foundation, a non-profit organization Deputy Secretary-General of the Taiwan Trust Association Committee Member of the Commercial Law Committee at the Taipei Bar Association

List of Competition Restrictions on Directors and their Corporate Representatives

Name	Concurrent positions in other domestic companies	Concurrent positions in other overseas companies
Representative of TECO Electric & Machinery Co., Ltd.: Shang-Wei Kao	Chairman, Information Technology Total Services Co., Ltd Chairman, Unison Service Corporation Chairman, Universal Mail Service Ltd. Director, Royal Co., Ltd. Director, An-Hui Information Director, Tension Envelope Taiwan Corporation Director, Jie Zheng Property Service & Management Director, Century Development Corporation	Chairman, Information Technology Total Service (BVI) Co., Ltd. Director, Live ABC Interactive Corporation Chairman, Information Technology (WUXI) Co., Ltd. Director, Technical Information International Co., Ltd.
Representative of TECO Electric & Machinery Co., Ltd.: Chwen-Jy Chiu	Chairman, TECO Electric & Machinery Co., Ltd. Chairman, Taiwan Pelican Express Co., Ltd. Chairman, TECO Sun Energy Co., Ltd. Chairman, Tong An Energy Co., Ltd. Chairman, Teco Sun Energy Co., Ltd Managing Director of Tung Pei Industrial Co., Ltd. Director, Lien Chang Electronic Director, Royal Host Taiwan Co., Ltd. Director, TECOM Co., Ltd Director, Tong-An Assets Management & Development Co., Ltd. Director of Tong-An Investment Co., Ltd. Director, TECO-MOTECH Company Limited Director, Teco Electro Devices Co., Ltd. Director, Teco International Investment Co., Ltd. Director, Yatec Engineering Corporation Director, An-Tai International Investment Co., Ltd. Director, Century Biotech Development Corporation Director, Century Development Corporation Inc Chairman, Tai-Peng Energy Co., Ltd	Chairman, Qingdao Teco Innovation Co., Ltd Chairman, Xiamen An-Tai Chairman, TWMM Chairman, Teco Westinghouse Canada Chairman, Teco Westinghouse Motor Company S. A. de C. V. (TWMM) Chairman, Teco Australia Chairman, Teco International Chairman, P.T Teco Elektro Indonesia (TEI) Chairman, Motovario S.p.A (MTV) Chairman, GreyBack International Property Inc.(GIPI) Chairman, Sankyo Co., Ltd Director, Teco Technology (Vietnam) Co., Ltd. Director, Jiangxi TECO Director, Shanghai Teco Director, United View Global Investment Co., Ltd (UVG) Director, TEMICO International Pte. Ltd. Director, TEMICO Motor India Private Limited Director, TECO MOTOR B.V. Director, TECO ELEKTRIK TURKEY A.Ş. Director, Teco Singapore

List of Competition Restrictions on Directors and their Corporate Representatives

Name	Concurrent positions in other domestic companies	Concurrent positions in other overseas companies
Representative of TECO Electric & Machinery Co., Ltd.: Chi-Tseng Peng	<p>General Manager, Air and Intelligent Life Business Group, TECO Electric & Machinery Co., Ltd.</p> <p>President, Taiwan Pelican Express Co., Ltd.</p> <p>Chairman, Tesen Electronic Co., Ltd.</p> <p>Director, E-JOY Electronics International Co., Ltd.</p> <p>Director, Kuen Ling Machinery Refrigerating Co., Ltd.</p> <p>Director, UD Corporation</p> <p>Director, E&E Recycling, Inc.</p> <p>Director, Far Eastern Electronic Toll Collection Co., Ltd.</p> <p>Director, FETC International Co., Ltd.</p>	<p>Chairman, Jiangxi TECO Air Conditioning Equipment Co., Ltd.</p> <p>Chairman, Nanchang TECO Electric & Machinery Co., Ltd.</p> <p>Chairman, TECO (Dong Guang) Air Conditioning Equipment Co., Ltd.</p> <p>Director & President, Asia Innovative Technology (Xiamen) Co., Ltd.</p> <p>Director, Teco Singapore</p> <p>Director, Teco Technology (Vietnam) Co., Ltd.</p> <p>Director, TECO (Philippines) 3C Appliances Inc.</p> <p>Director, Asia Electric & Machinery Pte. Ltd.</p> <p>Director, Asia Air Tech Industrial (PTE) Ltd. (AAT)</p> <p>Director, TECO ELEKTRIK TURKEY A.Ş.</p>
Representative of TECO Electric & Machinery Co., Ltd.: Victor Hsu	<p>Director, Tong Dai Co., Ltd.</p>	<p>Director, Teco Singapore</p> <p>Director, Teco Australia</p> <p>Chairman, P.T. TECO Multiguna Elektro</p> <p>Director, Teco Electric & Machinery Sdn. Bhd.</p>
Wen-Nan Chan	<p>Independent Director, Chunghwa Precision Test Tech</p> <p>Independent Director , Partner Tech Corp.</p> <p>Independent Director , CTCI Advanced Systems</p> <p>Independent Director, ASolid Technology Co., Ltd</p> <p>Director, HanTech Venture Capital Corporation</p> <p>Director, Ucarer Taiwan</p> <p>Director, Market Intelligence & Consulting Institute</p>	<p>None</p>
Shao-Tang Li	<p>Director, FSP Technology Inc.</p> <p>Director, Ye Siang Enterprise Co., Ltd.</p> <p>Director, Kiwi Technology Inc.</p> <p>Director, Avatack Co., Ltd.</p> <p>Director, Symbio, Inc.</p>	<p>None</p>

List of Competition Restrictions on Directors and their Corporate Representatives

Name	Concurrent positions in other domestic companies	Concurrent positions in other overseas companies
Wan-Ying Lin (Independent Director)	Adjunct Associate Professor, Department of Accounting, National Chengchi U. Independent director, Wellell Inc. Independent director, Crystalvue Medical Corp. Independent director, LIEN CHANG Independent director, Pelican (Dismissed in May 2024)	None
Cheng-Kiang Farn (Independent Director)	None	None
Hung-Chieh Chen (Independent Director)	Lawyer in charge of the Commercial and Securities Law Group, New Hope Law Firm Independent Director, X-Legend Entertainment Co., Ltd. Supervisor, Da-Yeh University	Director, KKL (Xiamen) Trading Co., Ltd.

Information Technology Total Services Co., Ltd.

Comparison Table of Amendments to the “Articles of Incorporation”

Amended content	Current provision	Description
<p>Article 13:</p> <p>If a specific shareholder is unable to attend a Shareholders’ Meeting, such shareholder may appoint a proxy to attend the meeting by using a written power of attorney prepared by the Company, and sign or affix their seal to specify the scope of authorization in accordance with Article 177 of the Company Act.</p> <p>In appointing a proxy to attend a Shareholders’ Meeting, except as provided in the preceding paragraph, shareholders shall comply with the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” promulgated by the competent authority.</p>	<p>Article 13:</p> <p>If a specific shareholder is unable to attend a Shareholders’ Meeting, such shareholder may appoint a proxy to attend the meeting by using a written power of attorney prepared by the Company, and sign or affix their seal to specify the scope of authorization in accordance with Article 177 of the Company Act.</p> <p>In appointing a proxy to attend a Shareholders’ Meeting, except as provided in the preceding paragraph, shareholders shall comply with the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” promulgated by the competent authority.</p>	<p>Amend pursuant to Article 177 of the Company Act.</p>
<p>Article 20:</p> <p>Unless otherwise provided for in the Company Act, decisions in the Board of Directors meeting shall be resolved by the participating directors with a majority of votes at a meeting attended by a majority of the directors.</p>	<p>Article 20:</p> <p>Unless otherwise provided for in the Company Act, decisions in the Board of Directors meeting shall be resolved by the participating directors with a majority of votes at a meeting attended by a majority of the directors.</p>	<p>Amend pursuant to Article 206 of the Company Act.</p>
<p>Article 21:</p> <p>The Chairman shall chair the Board of Directors meetings. During the Chairman’s absence or unavailability for performance of duties, substitution shall be handled in accordance with Article 208 of the Company Act.</p> <p>Directors shall participate in a Board of Directors meeting in person. A director who is unavailable to participate in a Board of Directors meeting in person may commission another director to act as their proxy. The</p>	<p>Article 21:</p> <p>The Chairman shall chair the Board of Directors meetings. During the Chairman’s absence or unavailability for performance of duties, substitution shall be handled in accordance with Article 208 of the Company Act.</p> <p>Directors shall participate in a Board of Directors meeting in person. A director who is unavailable to participate in a Board of Directors meeting in person may commission another director to act as their proxy. The</p>	<p>Amend pursuant to Article 205 of the Company Act.</p>

Information Technology Total Services Co., Ltd.

Comparison Table of Amendments to the “Articles of Incorporation”

Amended content	Current provision	Description
<p>aforementioned director <u>shall be handled in accordance with Article 205 of the Company Act.</u></p> <p>The Board of Directors meeting may be conducted via video conferencing, and the Directors who participate in such video conferences shall be deemed to have attended the meeting in person.</p>	<p>aforementioned director <u>may act as a proxy only for another director.</u></p> <p>The Board of Directors meeting may be conducted via video conferencing, and the Directors who participate in such video conferences shall be deemed to have attended the meeting in person.</p>	
<p>Article 30:</p> <p>The Articles of Incorporation shall be implemented after being resolved in the shareholders’ meeting. The same shall apply to any amendment thereto.</p> <p>The Articles of Incorporation were adopted by the shareholders’ meeting on November 20, 1990.</p> <p>The 1st amendment was made on May 20, 1999.</p> <p>The 2nd amendment was made on August 2, 1999.</p> <p>The 3rd amendment was made on August 2, 1999.</p> <p>The 4th amendment was made on May 8, 2000.</p> <p>The 5th amendment was made on October 26, 2000.</p> <p>The 6th amendment was made on May 15, 2002.</p> <p>The 7th amendment was made on May 18, 2016.</p> <p>The 8th amendment was made on June 12, 2018.</p> <p>The 9th amendment was made on September 18, 2018.</p> <p>The 10th amendment was made on July 30, 2021.</p> <p>The 11th amendment was made on June 27, 2022.</p>	<p>Article 30:</p> <p>The Articles of Incorporation shall be implemented after being resolved in the shareholders’ meeting. The same shall apply to any amendment thereto.</p> <p>The Articles of Incorporation were adopted by the shareholders’ meeting on November 20, 1990.</p> <p>The 1st amendment was made on May 20, 1999.</p> <p>The 2nd amendment was made on August 2, 1999.</p> <p>The 3rd amendment was made on August 2, 1999.</p> <p>The 4th amendment was made on May 8, 2000.</p> <p>The 5th amendment was made on October 26, 2000.</p> <p>The 6th amendment was made on May 15, 2002.</p> <p>The 7th amendment was made on May 18, 2016.</p> <p>The 8th amendment was made on June 12, 2018.</p> <p>The 9th amendment was made on September 18, 2018.</p> <p>The 10th amendment was made on July 30, 2021.</p> <p>The 11th amendment was made on June 27, 2022.</p>	<p>Added the date and number of amendments.</p>

Information Technology Total Services Co., Ltd.

Comparison Table of Amendments to the “Articles of Incorporation”

Amended content	Current provision	Description
The 12th amendment was made on May 29, 2023. <u>The 13th amendment was made on May 30, 2024.</u>	The 12th amendment was made on May 29, 2023.	

Information Technology Total Services Co., Ltd.

Articles of Incorporation

Section No. 1 General Provisions

Article 1: The Company is incorporated in accordance with the Company Act, R.O.C. and the name is Information Technology Total Services Co., Ltd.

Article 2: The Company's registered business is as follows:

1. JE01010 Rental and Leasing
2. JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops
3. F401010 International Trade
4. I103060 Management Consulting Services
5. I301010 Information Software Services
6. I301020 Data Processing Services.
7. I301030 Electronic Information Supply Services
8. IE01010 Telecommunications Service Number Agencies
9. E701010 Telecommunications Construction
10. F118010 Wholesale of Computer Software
11. F218010 Retail Sale of Computer Software
12. E605010 Computer Equipment Installation
13. F113010 Wholesale of Machinery
14. F113030 Wholesale of Precision Instruments
15. F113050 Wholesale of Computing and Business Machinery Equipment
16. F213030 Retail sale of Computing and Business Machinery Equipment
17. F213040 Retail Sale of Precision Instruments
18. F213080 Retail Sale of Machinery and Equipment
19. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3: The Company is headquartered in Taipei City, and may establish branches at home and overseas; a resolution by the Board of Directors shall be made when necessary.

Article 4: In response to a substantive need in business operations, the Company authorizes its Board of Directors to make a resolution for reinvestment. The aggregate total of outward investment by the Company may be beyond the restriction for reinvestment as set forth under Article 13 of the Company Act.

Article 5: In response to a substantive need in business operations, the Company may authorize its Board of Directors to make a resolution in order to provide guarantees to another party.

Section 2: Shares

Article 6: The Company's registered capital is in the amount of NT\$400 million, divided into 40 million shares with a par value of NT\$10 per share, and the Board of Directors is authorized to issue the unissued shares in tranches.

Article 7: The Company's shares are registered, and the Company may be exempted from printing hard copies of the stock certificates. The shares shall be issued and registered in accordance with relevant laws.

Article 8: The Company manages its matters related to shares in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.

Article 9: Change in the records of the shareholders' register is conducted in accordance with Article 165 of the Company Act.

Article 10: This article is deleted.

Section 3: Shareholders' Meeting

Article 11: There are two ways in which the shareholders' meeting of the Company convenes.

- I. Annual shareholders' meeting;
- II. Extraordinary shareholders' meeting.

The Annual Shareholders' Meeting will be convened once a year within six months after the end of the fiscal year. An Extraordinary Shareholders' Meeting will be convened at any time as needed under the law.

A shareholders' meeting is convened in accordance with Article 172 of the Company Act.

When the Company's shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.

Article 12: The Company's shareholders hold one vote for each share they hold, except the shares subject to restriction or shares not entitled to voting power as set forth under the Company Act.

The voting process may be conducted by electronic means where the Company falls within a scope which satisfies the requirements for the e-voting process as promulgated by the competent authority for securities, starting from the date when such e-voting process comes into effect.

Article 13: When a shareholder is unable to attend a shareholders' meeting due to unforeseen circumstances, they may issue a power of attorney specifying the scope of authorization, in accordance with Article 177 of the Company Act.

The handling of shareholders' proxies attending on behalf of the company, in addition to the provisions of the preceding paragraph, shall comply with the "Rules for the Use of Proxy Forms by Publicly Issued Companies to Attend Shareholders' Meetings" published by the competent authority.

Article 14: For a Shareholders' Meeting called by the Board of Directors, the Chairman shall preside over the meeting. In the event of the absence of the Chairman, or in the event that the Chairman is unable to perform their duties for specific reasons, their agent shall handle this in accordance with Article 208 of the Company Act.

Article 15: Unless otherwise specified by law, resolutions of the Shareholders' Meeting shall be approved by a majority of the shareholders representing more than half of the voting rights present in the meeting in person, or by proxies where the attendance of shareholders representing more than half of the outstanding shares to the meeting is required for a quorum.

Article 16: Where the shareholders participating in a Shareholders' Meeting are below the quorum specified under the preceding Article but make up over one-third of the aggregate total number of outstanding shares, a tentative resolution may be passed by a majority of the participating shareholders, and the tentative resolution so resolved shall be communicated to all shareholders in writing. Another Shareholders' Meeting shall be convened within one month. In the event that the Shareholders' Meeting so convened is attended by shareholders making up more than one-third of the aggregate total of outstanding shares, and the tentative resolution is adopted by the participating shareholders with a majority of votes, said tentative resolution is deemed a decision resolved in the manner as set forth under the preceding Article.

Article 17: The Resolution of the Shareholders' Meeting shall be recorded in meeting minutes and subject to Article 183 of the Company Act.

Section 4: Directors and Audit Committee

Article 18: The Company has nine directors with a term of three years. The shareholders' meeting selects and appoints them from a list of candidates and can be re-elected. Among the above-mentioned number of directors, the number of independent directors shall be three, and shall not be less than one-third of the number of directors.

The directors shall be elected via the candidate nomination system set forth under Articles 192-1 of the Company Act.

Independent directors' professional qualifications, percentage of ownership, concurrent holding of other positions, method of nomination and election, and other applicable rules shall comply with the requirements of the competent securities authority.

A cumulative voting system is adopted in the Company's election of directors. Each share is entitled to the number of votes equivalent to the number of directors to be elected. Shareholders may concentrate their votes on one candidate or allocate them to different candidates. Persons who get the majority of the votes shall be elected directors.

- Article 19: When the aggregate total number of director's seats is vacated by up to one-third, the Board of Directors shall convene an Extraordinary Shareholders' Meeting to hold a by-election within sixty (60) days. Directors so elected in the by-election shall only serve the remaining tenure of office of their predecessors. Where an independent director of the Company is dismissed for any reason (including resignation, dismissal, or expiry of tenure of office), making the total number of independent directors inadequate for the threshold set forth under Article 18 of the Articles of Incorporation, a by-election shall be conducted at the soonest Shareholders' Meeting. Where all independent directors are dismissed en masse, the Company shall convene an Extraordinary Shareholders' Meeting to conduct a by-election within sixty (60) days after occurrence of the fact.
- Article 20: Unless otherwise stipulated by the Company Act, decisions of the board of directors shall require the presence of more than half of the directors and shall be made with the consent of more than half of the directors present.
- Article 21: The Chairman of the Board serves as the President of the Board of Directors. In the event that the Chairman of the Board takes leave or is unable to exercise their duties, their proxy shall act in accordance with the provisions of Article 208 of the Company Act.
- Directors are required to attend board meetings in person. In case a director is unable to attend due to unforeseen circumstances, they may act in accordance with the provisions of Article 205 of the Company Act.
- Article 22: Directors shall organize the Board of Directors. One Chairman shall be elected by the participating directors with a majority of votes at a meeting attended by more than two-thirds of the directors. The Chairman shall represent the Company externally and chair the Shareholders' Meeting and Board of Directors meetings internally to take charge of all the Company's business operations in accordance with the laws and ordinances concerned, Articles of Incorporation, decisions resolved in the Shareholders' Meeting and the Board of Directors.
- Article 23: Unless otherwise specified in the Company Act, a Board of Directors meeting shall be convened by the Chairman, and the notice of a Board of Directors meeting shall state all key facts of the meeting and shall be served to all directors seven (7) days in advance of the meeting. However, in case of an emergency, a meeting may be convened at any time as needed. A notice of a Board of Directors meeting may be served in writing or by fax or electronic means.
- Article 24: The amounts of remuneration payable to the Company's directors shall be determined based on the level of their participation in the Company's business operations, the value of their contributions, with reference to the average standards/criteria prevalent in the industry. During the tenure of office of directors, the Company will purchase liability insurance for the potential responsibility for indemnity within the scope of their performance of duty.
- Article 25: The Company establishes an Audit Committee in accordance with the requirements set forth under the Securities and Exchange Act. The Audit Committee shall be organized by all independent directors and shall stipulate the rules and regulations for their performance of duties. The responsibilities and powers of the Audit Committee and other issues to be complied with shall be handled in accordance with the Company Act, the Securities and Exchange Act, and other laws and regulations concerned, as well as the Company's regulations.
- In response to the need for business operations, the Company may establish a Remuneration Committee or other functional committees.

Section 5: Manager

Article 26: The Company shall employ managers, whose appointment, dismissal, and remuneration shall be governed by Article 29 of the Company Act.

Section 6: Accounting

Article 27: The fiscal year of the Company is identical to the calendar year, which starts on January 1 and ends on December 31 of each year. The Board of Directors shall, at the end of each fiscal year, prepare relevant statements and ledgers as specified below, and present them before the Annual Shareholders' Meeting for ratification according to legal procedures:

- I. Annual business report;
- II. Financial statements;
- III. Proposals for distribution of earnings or loss compensation.

Article 28:

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.

A decision regarding the ratios of remuneration to employees, remuneration to directors, and regarding payment of remuneration to employees either in cash or in stock shall be resolved through a vote of a majority in 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. In addition, a special surplus reserve shall be set aside or reversed in accordance with the regulations of the competent authority. If there is any balance, the undistributed surplus of the previous year shall be added up, and the Board of Directors shall formulate a surplus distribution proposal. The stock dividend proposal shall be submitted to the shareholders' meeting for resolution and distribution; for the cash dividend distribution proposal, the Board of Directors is authorized to make the distribution with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present, and it shall be reported to 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.

Section 7:

Supplementary Provisions

Article 29: The Company Act and other applicable laws shall govern anything not regulated by the Articles of Incorporation.

Article 30: The Articles of Incorporation shall be implemented after being resolved in the shareholders' meeting. The same shall apply to any amendment thereto.

The Articles of Incorporation were adopted by the shareholders' meeting on November 20, 1990.

The 1st amendment was made on May 20, 1999.

The 2nd amendment was made on August 2, 1999.

The 3rd amendment was made on August 2, 1999.

The 4th amendment was made on May 8, 2000.

The 5th amendment was made on October 26, 2000.

The 6th amendment was made on May 15, 2002.

The 7th amendment was made on May 18, 2016.

The 8th amendment was made on June 12, 2018.

The 9th amendment was made on September 18, 2018.

The 10th amendment was made on July 30, 2021.

The 11th amendment was made on June 27, 2022.

The 12th amendment was made on May 29, 2023.

Information Technology Total Services Co., Ltd.

Rules Governing Shareholders' Meetings

Article 1

Purpose

In order to establish a sound shareholder meeting governance system, strengthen oversight functions, and enhance management capabilities, this rule is formulated in accordance with Article 5 of the Corporate Governance Best Practice Principles for Listed and OTC Companies for compliance.

Article 2

Scope Definition

The rules of procedure for the company's shareholder meetings shall be governed by the provisions of these regulations, except where otherwise provided by laws or the articles of incorporation.

Article 3

Convening of Shareholders' Meeting

Unless otherwise prescribed by law, the shareholders' meeting of the Company shall be convened by the Board of Directors.

The Company's Board of Directors designates the Company's Financial and Accounting Center as the unit in charge of the shareholders' meeting.

Changes to the method of convening the shareholders' meeting of the Company shall be subject to a resolution of the Board of Directors, and shall be made no later than before the notice of the shareholders' meeting is dispatched.

The Financial and Accounting Center is responsible for giving notice of the shareholders' meeting and preparing meeting materials for the shareholders' meeting.

Article 4

Notice of Shareholders' Meeting

The Company shall prepare the notice of shareholders' meeting, paper for powers of attorney, relevant approval proposals, discussion proposals, and proposals for the appointment or dismissal of directors, and audit committee members 30 days prior to an annual shareholders' meeting or 15 days prior to an extraordinary shareholders' meeting. The description of said proposals and explanatory information shall be made in an electronic file and sent to the Market Observatory Post System (MOPS). The Company shall, likewise, produce a meeting handbook and supplementary information for the meeting in electronic files and transmit them to the MOPS 21 days prior to an annual shareholders' meeting or 15 days prior to an extraordinary shareholders' meeting. However, if the Company's paid-in capital at the end of the most recent fiscal year is NT\$10 billion or more, or the Company holds an annual meeting of shareholders in the most recent fiscal year, and the total shareholding ratio of foreign and mainland capital recorded in the shareholders' register is more than 30%, the transmission of the aforementioned electronic files shall be completed 30 days before the annual shareholders' meeting. A meeting handbook and supplementary information for the shareholders' meeting shall be prepared and made available to all shareholders and displayed at the Company and the professional stock service agency delegated by the Company 15 days prior to the shareholders' meeting.

The meeting handbook and supplementary information mentioned in the preceding paragraph shall be provided to shareholders for reference by the Company on the day of the shareholders' meeting in the following ways:

I. When a physical shareholders' meeting is held, it shall be distributed on the

spot at the shareholders' meeting.

- II. When holding a video-assisted shareholders' meeting, it shall be distributed on the spot at the shareholders' meeting, and sent to the video conference platform as an electronic file.
- III. When holding a video conference of shareholders, the electronic file shall be transmitted to the video conference platform.

Notices and public announcements shall expressly provide the subjects of the meeting and may be served in electronic means subject to consent by the target addressees.

Issues regarding election or dismissal of directors or members of the Audit Committee, amendment to the Articles of Incorporation, capital reduction, application for delisting, lifting of the non-compete clause for directors, capitalization of earnings, capitalization of reserve, dissolution of the Company, merger, demerger or issues set forth under Paragraph 1 of Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be expressly enumerated and specified under the subject to convene the meeting and shall not be posed through questions and motions.

Full re-election of directors has been stated as the purpose of the convening of the shareholders' meeting, and the date of appointment has been specified. After the re-election is completed at the shareholders' meeting, the date of appointment shall not be changed at the same meeting through questions and motions or other means.

A shareholder who holds more than one percent of the total number of the outstanding shares may submit only one proposal to the Company for the annual shareholders' meeting. If there is more than one proposal, it shall not be included in the agenda. Besides, where a proposal posed by a shareholder proves to have fallen upon any single one among those enumerated under Paragraph 4, Article 172-1 of the Company Act, the board of directors may not accredit it as an issue under the agenda. Shareholders may submit suggestive proposals to urge the Company to promote the public interests or fulfill its social responsibilities. In principle, only one issue shall be covered in one proposal in accordance with the relevant provisions of Article 172-1 of the Company Act. Any proposal covering more than one issue shall not be included in the agenda.

The Company shall announce the acceptance of shareholders' proposals, written or electronic acceptance methods, acceptance locations, and acceptance period before the book closure date before the annual shareholders' meeting is held; the acceptance period shall not be less than ten days.

An issue proposed by a shareholder shall not exceed the maximum of 300 Chinese characters; an issue that exceeds 300 Chinese characters shall not be entered into the agenda. A shareholder who submits a proposal shall participate in the shareholders' meeting either in person or by proxy and shall participate in the discussion process of the issue so proposed.

The Company shall keep the proposing shareholders informed of the results in handling their proposals before the notice of the shareholders' meeting is served and shall have the proposals meeting the requirements set forth under this Article included in the agenda. On issues proposed by shareholders which are not included in the agenda, the Board of Directors shall explain the reason(s) during the shareholders' meeting.

Article 5 Principle of Venue and Date of Shareholders' Meeting

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Independent directors' opinions shall be fully considered for the venue and time of said meeting.

When the Company convenes the shareholders' meeting by video, it is not subject to the provisions on the venue in the preceding paragraph.

Article 6 Attendance by Proxy

For each shareholder's meeting, a shareholder may issue a proxy in the standard form printed and provided by the Company, expressly specifying the scope of the powers bestowed to delegate a proxy to attend the shareholders' meeting on their behalf.

A shareholder may issue one proxy and may only delegate one proxy. The proxy shall be served to the Company 5 days prior to the date scheduled for the shareholders' meeting. In case of double proxies, the proxy shall be entertained on the first-come, first-served basis unless the preceding proxy is declared withdrawn.

After a proxy is served to the Company, if a shareholder decides to participate in the shareholders' meeting in person or to exercise voting rights in writing or through electronic means, he or she shall inform the Company in writing to withdraw the proxy 2 days prior to the date scheduled for the shareholders' meeting. In the event that such shareholder is overdue in withdrawing the notice, the voting rights exercised by the delegated proxy shall prevail.

After a proxy is served to the Company, if a shareholder decides to participate in the shareholders' meeting via video conferencing, he or she shall inform the Company in writing to withdraw the proxy 2 days prior to the date scheduled for the shareholders' meeting. In the event that such shareholder is overdue in withdrawing the notice, the voting rights exercised by the delegated proxy shall prevail.

Article 7 Preparation of Sign-in Book and Other Documents

The Company shall state in the meeting notice the time and place for accepting the registrations of shareholders, solicitors, and entrusted agents (hereinafter referred to as shareholders), and other matters that should be noted.

The time for accepting shareholders' registration in the preceding paragraph shall be at least 30 minutes before the start of the meeting; the registration place shall be clearly marked, and appropriate and competent personnel shall be assigned to handle it; the video conference of the shareholders' meeting shall be held 30 minutes before the start of the meeting by video. The meeting platform accepts registration, and shareholders who complete the registration are deemed to have attended the shareholders' meeting in person.

Shareholders shall bring with them the attendance card, sign-in card, or other documents for attending the meeting. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attendance presented by shareholders. Solicitors with powers of attorney shall carry their identity documents with them for verification.

A sign-in book shall be prepared for the participating shareholders to sign. A participating shareholder may, as well, present his or her sign-in card instead of signing to prove presence.

The Company shall hand over the meeting handbook, speaker slips, voting

ballots, and other meeting materials to the shareholders attending the shareholders' meeting; the annual report shall be given in the case of an annual shareholders' meeting. Where there is an election of directors and audit committee members, additional voting ballots shall be given.

Where the government or a juristic person is a shareholder of the Company, the representatives participating in a shareholders' meeting shall not be confined to one. Where a juristic person is delegated to participate in a shareholders' meeting, such juristic person may only assign one representative to participate in the meeting.

If the shareholders' meeting is held by video conference, shareholders who wish to attend by video conference shall register with the Company two days before the shareholders' meeting.

If the shareholders' meeting is held by video conference, the Company shall upload the meeting handbook, annual report and other relevant materials to the video conference platform of the shareholders' meeting at least 30 minutes before the start of the meeting, and continue to disclose it until the end of the meeting.

Article 7-1

When the Company holds a shareholders' meeting by video conference, the following matters shall be stated in the notice of convening the shareholders' meeting:

When the Company holds a shareholders' meeting by video conference, the following matters shall be stated in the notice of convening the shareholders' meeting:

- I. Methods for shareholders to participate in video conferences and for exercising their rights.
- II. The handling of obstacles to the video conference platform or participating in video conferences due to natural disasters, incidents or other force majeure circumstances shall include at least the following matters:
 - (I) The time when the meeting needs to be adjourned or resumed when the occurrence of the aforementioned obstacles persists and cannot be ruled out, and the date when the meeting needs to be postponed or resumed.
 - (II) Shareholders who have not registered to participate in the original shareholders' meeting by video conferencing may not participate in the postponed or resumed meeting.
 - (III) When holding a video-assisted shareholders' meeting, if the video conference cannot be continued, after deducting the number of shares attending the shareholders' meeting by video, if the total number of shares attending the shareholders' meeting reaches the statutory quota for the shareholders' meeting, the shareholders' meeting shall continue. The number of shares held by the shareholders participating by video conference shall be included in the total number of shares in attendance; however, they shall be deemed to abstain for all motions resolved.
 - (IV) In the event that all the motions have been announced, but no provisional motions have been carried out, the handling method.
- III. When holding a video-assisted shareholders' meeting, appropriate alternatives for shareholders who have difficulty participating in the video conference shall be specified.

Article 8

Chair and Attendees of the Shareholders' Meeting

Where the Board of Directors may call for a shareholders' meeting, the Chairman

of the Company shall chair the meeting. In the absence of the Chairman or if the Chairman cannot perform his duties for some reason, the Vice Chairman shall act on behalf of and in the name of the Chairman to chair the meeting. Where there is no seat of a Vice Chairman, in the absence of the Vice Chairman, or where the Vice Chairman cannot perform his duties for some reason, the Chairman shall appoint one managing director to chair the meeting. If there is no managing director engaged, he shall appoint one director to chair the meeting. If the Chairman does not appoint a representative, the managing directors or directors shall select one from among themselves to chair the meeting.

The chair mentioned in the preceding paragraph shall be a managing director or director's substitute, who shall have been in service for more than six months and understand the Company's financial and business conditions. The same applies where the chair is the representative of a juristic person director.

It is advised that a shareholders' meeting convened by the Board of Directors be chaired by the Chairman of the Company in person, with participation and presence by a majority of the total number of directors, at least one member of the Audit Committee in person, and at least one representative of various functional committees. The attendance shall be recorded in the minutes of the shareholders' meeting. Where a shareholders' meeting is convened by another convener beyond the Board of Directors, such meeting shall be chaired by that convener. In the event that there are two or more conveners, one shall be elected from among themselves to chair the meeting.

The Company may appoint its retained attorney(s), certified public accountant(s), or relevant personnel to participate in a shareholders' meeting in a non-voting capacity.

Article 9

Audio or Video Recording of the Shareholders' Meeting

The Company shall record the entire process of the shareholders' meeting, from sign-in, proceeding of the meeting to voting and counting process continuously and uninterrupted in audio and video, and the audio and video materials shall be kept for at least one year. If a legal action is instituted by a shareholder pursuant to Article 189 of the Company Act, said materials shall be kept until the final ruling of the action.

If the shareholders' meeting is held by video conference, the Company shall record and preserve the shareholders' registration, login, check-in, questioning, voting and company vote counting results, etc., and make continuous and uninterrupted audio and video recording of the entire video conference.

The above-mentioned materials and audio and video recordings shall be properly preserved by the Company during the period of existence, and the audio and video recordings shall be provided to those who are entrusted with handling the video conference affairs for preservation.

If the shareholders' meeting is held by video conference, the Company should make audio and video recordings of the background operation interface of the video conference platform.

Article 10

Call to Order

Participation by shareholders shall be calculated based on the number of shares. The number of shares represented by participating shareholders shall be calculated based on the sign-in book or the sign-in cards submitted, and the number of shares registered on the video conference platform, plus the number of shares with voting rights that are exercised in writing or by electronic means.

When it is time to start the meeting, the chair shall immediately call the meeting to order and announce relevant information regarding the number of non-voting rights, the number of shares present, etc. When the attending shareholders do not constitute a majority of the aggregate total of outstanding shares, the chair may announce postponing the start of the meeting, which may not exceed a maximum of two postponements and may not exceed one hour in total. In the event that the present shareholders are still less than one-third of the aggregate total of the outstanding shares after two postponements, the chair may announce adjournment of the meeting; if the shareholders' meeting is held by video conference, the Company shall also announce the meeting adjourned on the video conference platform of the shareholders' meeting.

Where the shareholders present still fail to constitute the minimum quorum after two postponements as mentioned in the preceding paragraph, but represent more than one-third of the aggregate total of the outstanding shares, a tentative resolution may be passed in accordance with Article 175, Paragraph 1 of the Company Act, and the Company shall reconvene another shareholders' meeting within one month. If the shareholders' meeting is held by video conference, shareholders who wish to attend by video conference shall re-register with the Company in accordance with Article 7.

In the event that the number of shares represented by the shareholders present is up to a majority of the aggregate total of the outstanding shares, the chair may refer the tentative resolution so adapted to the shareholders' meeting for resolution anew in accordance with Article 174 of the Company Act.

Article 11

Discussion of Proposals

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Relevant motions (including questions and motions and amendments to original motions) shall be voted on a case-by-case basis. The meeting shall proceed in the order set on the agenda, which may not be changed without a resolution by the shareholders' meeting.

The provision set forth under the preceding paragraph shall apply *mutatis mutandis* to a shareholders' meeting that is convened by a convener beyond the Board of Directors.

Pursuant to the agenda mentioned (including questions and motions) in the two preceding paragraphs, the chair shall not announce adjournment until the agenda is concluded unless duly resolved in the meeting. In the event that the chair breaches the Rules of Procedure for Shareholders' Meetings by unlawfully announcing adjournment, other members in the board of directors shall promptly help the shareholders present elect one person through a majority vote to continuously chair the meeting based on the legal procedures.

The chair shall grant adequate opportunities for clarification and discussion on an amendment or questions and motions posed by a shareholder. Upon the time believed to be up for resolution, the chair may announce discontinuation from a discussion and put the issue for resolution while giving sufficient time for voting.

Article 12

Speech by Shareholders

Before making a speech, the attending shareholders must fill out and submit a speech slip stating the purpose of the speech, the shareholder account number, and account name for the chair to determine the order of speakers.

Attending shareholders who have submitted a speech slip but do not speak shall be deemed to have not spoken. In case the content of the speech delivered on the floor

is inconsistent with the content in the speech slip, the former shall prevail.

On the same issue, each shareholder shall not speak more than twice unless given consent by the chair. Each speech shall not exceed 5 minutes. Where a shareholder speaks in contravention of the rules or beyond the scope of the specified issues, the chair may stop the speaker.

When a shareholder has the floor, all other shareholders shall not interfere unless at the consent of the chair or the shareholder who is taking the floor. Any unrestrained action shall be discouraged by the chair.

For juristic-person shareholders appointing two (2) or more representatives to the shareholders' meeting, only one representative may express opinions on the same motion.

After an attending shareholder completes their speech, the chair may respond either in person or through a relevant person designated.

If the shareholders' meeting is convened by video, the shareholders participating in said meeting by video may ask questions in text form on the video conference platform after the chair calls the meeting to order and before the chair adjourns the meeting. The number of questions raised for each proposal may not exceed two, and it may not exceed 200 words per question. The provisions under the first to fifth paragraphs shall not apply.

If the question mentioned in the preceding paragraph is not in violation of the rules nor outside the scope of the proposal, it is advised to disclose the question on the video conference platform for everyone to see.

Article 13

Vote Counting and Recusal

The voting rights in the shareholders' meeting shall be counted based on the number of shares.

During the voting process of a shareholders' meeting, the number of shares held by shareholders who hold no voting rights shall not be counted in the aggregate total of the outstanding shares. On an issue under discussion in a shareholders' meeting, a shareholder who is an interested party in such issue that is likely to impair the interests of the Company shall not join the voting process, nor shall he or she exercise voting rights as a proxy for another shareholder.

The number of shares mentioned in the preceding paragraph that could not be exercised for voting rights shall not be counted as the voting rights of the shareholders who are already present in the meeting.

Except for trust enterprises or stock service agencies approved by the competent authority, when a person acts as the proxy for two or more shareholders, the number of voting rights represented by him/her shall not exceed 3% of the total number of voting shares, otherwise, the excessive portion of voting rights shall not be counted.

Article 14

Voting Method

Each shareholder is entitled to one vote, except when restricted or without voting rights listed under Paragraph 2, Article 179 of the Company Act.

Where a shareholders' meeting is convened by the Company, voting rights shall be exercised by electronic means and may be exercised in writing. When voting rights are to be exercised in writing or by electronic means, such means of exercise shall be expressly provided in the notice of the shareholders' meeting. A shareholder who exercises voting rights in writing or by electronic means is deemed to have participated in the shareholders' meeting in person, but shall be

deemed to have waived the right for the questions and motions and amendment to original motions.

In the case of voting rights being exercised in writing or by electronic means as mentioned in the preceding paragraph, expression of intent shall be served to the Company 2 days prior to the date scheduled for the shareholders' meeting. In case of double expressions of intent, they shall be managed on a first-come first-served basis unless the preceding expression is declared withdrawn.

After a shareholder has exercised voting rights in writing or by electronic means, if he or she intends to participate in the shareholders' meeting in person or via video conferencing, he or she shall revoke the expression of intent mentioned in the preceding paragraph by the same means as those used for the exercise of voting rights in writing or by electronic means 2 days prior to the date scheduled for the shareholders' meeting. In the event that he or she fails to revoke within the specified time limit, the voting rights exercised in writing or by electronic means shall prevail. In the event that a shareholder exercise voting rights in writing or by electronic means and participates in the shareholders' meeting by proxy with a written proxy, the exercise of voting rights by proxy shall prevail.

Unless otherwise provided for in the Company Act and in the Company's Articles of Incorporation, decisions in the shareholders' meeting shall be resolved by a majority vote of attending shareholders. When voting, the chair or the person designated by the chair shall announce the total number of voting rights of the shareholders present on a case-by-case basis; then, the shareholders shall proceed to vote on a case-by-case basis. On the day the shareholders' meeting is held, the results of the number of shareholders' votes for, votes against, and votes abstained shall be entered into the MOPS.

Where the same motion is accompanied by an amendment or alternative, the chair may incorporate the amendment or alternative into the original motion, and determine their orders for resolution. In the event that one among them is satisfactorily resolved, the others shall be considered as rejected, upon which no further resolution shall be required.

Scrutineers and counting staff for the voting process shall be appointed by the chair. Scrutineers appointed shall also be shareholders.

The counting of the votes for a motion or an election at the shareholders' meeting shall be conducted publicly at the shareholders' meeting, and the results of the vote shall be announced on the spot and recorded in the meeting minutes.

When the Company convenes a video conference of the shareholders' meeting, shareholders who participate by video shall conduct voting on various resolutions and voting on election proposals through the video conference platform after the chair announces the meeting. The voting shall be completed before the chair announces the close of voting, otherwise they shall be deemed to have waived their voting rights.

Where the shareholders' meeting is convened by video, the votes shall be counted at one time and the voting and election results shall be announced after the chair announces the end of the voting.

When the Company holds a video-assisted shareholders' meeting, and shareholders who have registered to attend the shareholders' meeting by video conference in accordance with Article 6 wish to attend the physical shareholders' meeting in person, they shall cancel the registration using the same method they used to register two days before the shareholders' meeting is convened. If they fail to cancel the registration prior to the deadline, they may only attend the

shareholders' meeting by video.

Those who exercise their voting rights in writing or by electronic means without revoking their expression of intent and participate in the shareholders' meeting by video may not exercise their voting rights on the same proposal or propose amendments to the same proposal or exercise their voting rights for amendments to the same proposal, except for provisional motions.

Article 15

Elections

Where directors are elected in a shareholders' meeting, the election shall be conducted in accordance with relevant election guidelines defined by the Company. The outcome of the election, including the names of elected directors and unelected candidates, and the number of voting rights so won by them, shall be announced on the spot.

The ballots for the election process mentioned in the preceding paragraph shall be sealed, signed by a scrutineer and archived for a minimum of 1 year. If a legal action is instituted by a shareholder pursuant to Article 189 of the Company Act, the ballots shall be kept until the final ruling of the action.

Article 16

Maintenance of Order

Staff serving at the shareholders' meeting shall wear identity badges. The chair may instruct proctors or security guards to maintain the order of the meeting. Proctors or security guards shall wear an armband or identity badge reading "proctor" or the like while maintaining the order of the meeting.

Where the shareholders' meeting site is equipped with loud-speaker facilities and where a shareholder speaks with the equipment not provided by the Company, the chair may stop the shareholder from speaking.

Where a shareholder is acting in contravention of the Rules of Procedure for Shareholders' Meetings, defies the discipline from the chair, or interrupts the process of the meeting, the chair may instruct the proctors or security guards to escort the shareholder from the venue.

Article 17

Recess and Resumption of Meeting

Upon the process of a meeting, the chair may announce a recess as situations may justify. Upon occurrence of force majeure, the chair may rule a suspension of the meeting and announce the time to resume the meeting as the situations may justify.

In the event that the venue for a shareholders' meeting could not be continuously used until the issues set under the agenda (including questions and motions) are concluded, the shareholders' meeting may resolve a decision to relocate to another venue to continue the meeting.

Per Article 182 of the Company Act, the shareholders' meeting may resolve a decision to postpone the meeting within 5 days or to continue the process of the meeting.

Article 18

Minutes of Shareholders' Meetings

Minutes of shareholders' meetings shall be worked out, signed, and sealed by the chair and served to all shareholders within 20 days from the meeting. The minutes may be produced and distributed in electronic means.

Shareholders holding less than 1,000 registered shares may be informed of said minutes through announcement on the MOPS.

Meeting minutes shall contain the year, month, day, venue, name of the chair, voting method, key points of the proceedings, and voting results (including the

number of voting rights counted) of a meeting. In the case of a director election, the number of voting rights won by each candidate shall be disclosed. Minutes shall be archived in the Company permanently while the Company exists.

If the shareholders' meeting is held by video conference, the minutes of the shareholders' meeting shall record the starting and ending time of the shareholders' meeting, the method of convening the meeting, the name of the chair and the minute taker, and the handling status and handling method of obstacles to the video conference platform or participating in video conferences due to natural disasters, incidents or other force majeure circumstances.

In addition to complying with the provisions of the preceding paragraph when convening a shareholders' meeting by video conference, the Company shall specify in the minutes of the meeting the alternative measures provided to shareholders who have difficulty participating in video conference.

Article 19 Public Announcement

The Company shall, on the day of the shareholders' meeting, prepare a statistical table in the prescribed format of the number of shares acquired by solicitors, the number of shares represented by proxies, and the number of shares represented by shareholders in writing or electronically, and make it clear at the shareholders' meeting venue. If the shareholders' meeting is held by video conference, the Company shall upload the aforementioned information to the video conference platform of the shareholders' meeting at least 30 minutes before the start of the meeting, and continue to disclose it until the end of the meeting.

When the Company holds a video conference of the shareholders' meeting, when announcing the meeting, the total number of shareholders' shares present shall be disclosed on the video conference platform. The same shall apply if the total number of shares and voting rights of the shareholders attending the meeting are otherwise counted during the meeting.

Where the resolutions at the shareholders' meeting belong to material information as stipulated by laws and regulations, and by the Taiwan Stock Exchange (Taipei Exchange), the Company shall upload said content to MOPS within the specified time.

Article 20 Information Disclosure Through Video Conference

If the shareholders' meeting is held by video conference, the Company shall immediately disclose the voting results and election results of various proposals on the video conference platform of the shareholders' meeting in accordance with the regulations, and shall continue to disclose these for at least 15 years after the chair announces the adjournment of the meeting.

Article 21 Locations of the chairperson of the shareholders' meeting and the record-keeper of the meeting

When the Company holds a shareholders' meeting by video conference, the chair and the minute taker shall be at the same place within the country, and the chair shall announce the address of the place at the time of the meeting.

Article 22 Handling of Call Interruptions

If the shareholders' meeting is held by video conference, the Company may provide a simple connection test for shareholders before the meeting, and provide relevant services immediately before and during the meeting to assist in handling technical communication problems.

If the shareholders' meeting is held by video conference, the chair shall, when

announcing the meeting, separately announce that there is no need for postponement or continuation of the meeting as stipulated in Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies. Before the chair announcement the adjournment of the meeting, if there is an obstacle to the video conference platform or participation by video due to natural disasters, incidents or other force majeure events which lasts for more than 30 minutes, the date of the meeting should be postponed or resumed within five days, and the provisions of Article 182 of the Company Act do not apply.

In the event of the postponement or resumption of the meeting under the preceding paragraph, shareholders who have not registered to participate in the original shareholders' meeting by video conference may not participate in the postponed or resumed meeting.

If the meeting should be postponed or resumed in accordance with the provisions of Paragraph 2, shareholders who have registered to participate in the original shareholders' meeting by video and have completed the registration, but who do not participate in the postponed or continued meeting, shall have the number of shares attended at the original shareholders' meeting, the voting rights they have exercised, and the votes included in the total number of shares, voting rights and votes of shareholders present at the postponed or resumed meeting.

When the shareholders' meeting is postponed or resumed in accordance with the provisions of Paragraph 2, it is not necessary to re-discuss and resolve the resolutions for which the voting and counting of votes have been completed, and the voting results or the list of elected directors and supervisors are announced.

If the Company convenes a video-assisted shareholders' meeting, and the video conference cannot continue due to the occurrence of Paragraph 2, if the total number of shares still reaches the statutory quota for the shareholders' meeting after deducting the number of shares attended by video conferencing, the shareholders' meeting shall continue. There is no need to postpone or resume the meeting in accordance with Paragraph 2.

In the event that the meeting should be continued in the preceding paragraph, the number of shares held by the shareholders participating by video conference shall be included in the total number of shares in attendance; however, they shall be deemed to abstain for all motions resolved.

The Company shall postpone or resume the meeting in accordance with the provisions of Paragraph 2, and shall handle the relevant matters in accordance with the provisions set forth in Paragraph 7 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the date of the original shareholders' meeting and the work previously done according to the provisions of each of these articles.

During the period specified in the latter part of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies, and Paragraph 2 of Article 44-5, Article 44-15 and Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the date for postponing or resuming the shareholders' meeting in accordance with the provisions of Paragraph 2.

Article 23

Handling of digital gaps

When the Company convenes a shareholders' meeting by video conference, it shall provide appropriate alternatives to shareholders who have difficulty attending the

shareholders' meeting by video conference.

Article 24

Formulation and Amendment

The Rules have been formulated in accordance with the Company Act and relevant laws and regulations, and shall be implemented after approval of the shareholders' meeting; the same applies to any amendment thereto.

The Rules were adopted by the shareholders' meeting on May 15, 2002.

The first amendment was made at the shareholders' meeting on June 12, 2018.

The second amendment was made at the extraordinary shareholders' meeting on September 18, 2018.

The third amendment was made at the shareholders' meeting on June 12, 2020.

The fourth amendment was made at the shareholders' meeting on July 30, 2021.

The 5th amendment of these Rules was made at the shareholders' meeting on June 27, 2022.

Information Technology Total Services Co., Ltd.

Rules Governing Election of Directors

Article 1

Objectives

To ensure fair, impartial, and transparent selection of directors, this regulation is formulated in accordance with Articles 21 and 41 of the Corporate Governance Best Practice Principles for Listed and OTC Companies for compliance.

Article 2

Scope and Definition

The appointment of directors in this company shall be conducted in accordance with this regulation, except where otherwise provided by laws or the articles of incorporation.

Article 3

Director Competence

The appointment of directors in this company should take into account the overall composition of the board of directors. The composition of the board members should consider diversity, and appropriate diversification policies should be formulated based on its own operations, business model, and development needs. These policies should include, but not be limited to, the following two major aspects of standards:

- I. Basic Criteria and Values: Gender, Age, Nationality, and Culture.
- II. Professional Knowledge and Skills: Professional Background (such as law, accounting, industry expertise, finance, marketing, or technology), Professional Skills, and Industry Experience.

Board members should generally possess the knowledge, skills, and qualities necessary to fulfill their duties. The overall capabilities they should possess include:

- I. Operational Judgment Ability.
- II. Accounting and Financial Analysis Abilities.
- III. Management and Leadership Abilities.
- IV. Crisis Management Abilities.
- V. Industry Knowledge.
- VI. International Market Perspective.
- VII. Leadership Skills.
- VIII. Decision-Making Abilities.

The board shall consist of a majority of seats held by individuals who do not have a spouse or a relative within the second degree of kinship. The composition of the board shall be considered for adjustment based on the results of performance evaluations.

Article 4

The qualifications for independent directors in this company shall comply with the provisions of Articles 2 to 4 of the "Regulations Governing the Establishment and Compliance Matters for Independent Directors of Public Issuing Companies."

The appointment of independent directors in this company shall comply with the provisions of Articles 5 to 9 of the "Regulations Governing the Establishment and Compliance Matters for Independent Directors of Public Issuing Companies," and

shall be handled in accordance with Article 24 of the "Corporate Governance Best Practice Principles for Listed and OTC Companies."

Article 5

Director Election

If a director is dismissed due to circumstances resulting in a vacancy of one-third or more of the seats as specified in the articles of incorporation, the company shall convene an extraordinary shareholders' meeting within sixty days from the date of occurrence to hold a by-election.

If the number of independent directors falls below the standards set forth in the Securities and Exchange Act Article 14-2, Paragraph 1, Subparagraph 1, the relevant regulations of the Taiwan Stock Exchange Listing Examination Guidelines, or the specific criteria of the "Regulations on the Review of Securities Business Places Trading in Listed Securities" Article 10, Paragraph 1, Subparagraph 8, the latest shareholders' meeting shall fill the vacancies. In the event of dismissal of all independent directors, an extraordinary shareholders' meeting shall be convened within sixty days from the date of occurrence to hold a by-election.

Article 6

Voting

The election of directors in this company adopts a cumulative voting system, whereby each share has as many votes as the number of directors to be elected, allowing shareholders to concentrate their votes on one candidate or distribute them among multiple candidates.

The board of directors shall prepare voting ballots equal to the number of directors to be elected, with the voting rights indicated, and distribute them to attending shareholders. The names of the electors may be represented by the attendance certificate number printed on the ballot.

The company's directors, as specified in the articles of incorporation, shall separately calculate the voting rights for independent directors and non-independent directors. The candidates with the highest number of votes, respectively, will be elected in turn. In case of a tie in votes for two or more candidates exceeding the designated number of seats, a lottery shall be conducted among the tied candidates. If any candidate is absent, the chairperson shall conduct the lottery on their behalf.

Before the election begins, the chairperson shall designate several shareholders as scrutineers and vote counters to perform their respective duties. The ballot box, prepared by the board of directors (organizing unit: Financial and Accounting Center), shall be publicly inspected by the scrutineers before voting.

If the candidate is a shareholder, the elector must indicate the candidate's name and shareholder account number in the designated section of the ballot. If the candidate is not a shareholder, their name and identification document number shall be provided. However, if the candidate is a government entity or a legal entity shareholder, the name of the government entity or legal entity shall be listed in the candidate's name section of the ballot. Alternatively, both the name of the government entity or legal entity and the name of its representative may be listed; if there are multiple representatives, their names should be provided separately.

Article 7

Election ballots are considered invalid if they meet any of the following conditions:

- I. Ballots not prepared by the board of directors.
- II. Blank ballots deposited into the ballot box.
- III. Blurry or altered handwriting that cannot be discerned.

- IV. If the filled-in candidate is a shareholder, but their name, shareholder account number, and the "Shareholder Register" do not match; or if the filled-in candidate is not a shareholder, but their name and identification document number do not match upon verification.
- V. In addition to filling in the candidate's name (or shareholder account number) and the allocated voting rights, any other text attached will be disregarded.
- VI. If the filled-in candidate's name is the same as other shareholders and their shareholder account number or identification document number is not provided but can be identified.

Article 8

Election Results

After the completion of voting, the ballots shall be counted on the spot, and the results shall be announced by the chairman immediately, stating the list of elected directors and their respective voting weights.

The ballots for the aforementioned election shall be sealed and signed by the scrutineers, then properly preserved for at least one year. However, if shareholders file a lawsuit pursuant to Article 189 of the Company Law, they shall be preserved until the conclusion of the litigation.

The elected directors shall be issued a notification of election by the Board of Directors of the company.

Article 9

The unspecified matters

Any matters not specified in these regulations shall be handled in accordance with the provisions of the Company Law, the Articles of Association of the Company, or other relevant laws and regulations.

Article 10

Formulation and Amendment

These regulations shall take effect upon approval by the shareholders' meeting and shall apply similarly when amended.

These regulations were adopted at the shareholders' meeting on May 15, 2002.

The 1st amendment was made on June 12, 2018.

The 2nd amendment was made on September 18, 2018.

Information Technology Total Services Co., Ltd.

Rules Governing Board Meeting

Article 1

Purpose

In order to establish a sound corporate governance system, strengthen supervisory functions, and enhance management efficiency, the Board of Directors has formulated these rules in accordance with Article 31 of the Corporate Governance Best Practice Principles for Listed and Over-the-Counter Companies and Article 26-3, Paragraph 8 of the Securities and Exchange Act (hereinafter referred to as the Securities Act) for compliance.

Article 2

Scope of Application

The rules of procedure for the Board of Directors of the Company shall be conducted in accordance with the provisions of these rules, except where otherwise provided by laws or the articles of association.

Article 3

Authority and Responsibilities

The directors of the company shall convene meetings quarterly and as necessary.

The authorized unit responsible for board meetings shall be the Finance and Administration Center, which is responsible for preparing and producing notices and meeting materials for directors and supervisors before board meetings, as well as drafting meeting agendas and providing sufficient meeting materials, which shall be sent together with the meeting notices. Directors may request additional materials from the secretariat if they deem the provided materials insufficient. If directors find the agenda materials inadequate, they may request postponement of deliberation after a resolution by the board of directors.

Routine or confidential information may be provided at board meetings with the authorization of the board of directors.

With the consent of the parties concerned, the production, distribution, and preservation of meeting notices and materials may be conducted electronically.

Article 4

Operating Contents

I. When convening a board meeting, the reasons shall be stated, and notice shall be given to all directors and supervisors seven days in advance. However, in case of emergencies, the meeting may be convened at any time. Notices of convening, upon the agreement of all directors and supervisors, may be sent electronically. Matters specified in each item of the sixth paragraph of this article shall be listed in the notice of convening and shall not be proposed as a temporary motion.

II. For regular board meetings, the board of directors or its authorized unit shall consult all directors in advance to plan and formulate meeting topics and agendas, notify all directors and supervisors in accordance with the provisions of the preceding paragraph, and provide sufficient meeting materials.

III. The agenda for the regular quarterly board meetings of the Company shall include at least the following items:

1. Report Items:

- (1) Minutes and implementation status of the previous meeting.
- (2) Important financial business reports.
- (3) Internal audit business reports.

- (4) Other important report items.
 2. Discussion Items:
 - (1) Matters for discussion retained from the previous meeting.
 - (2) Matters for discussion at the current meeting.
 3. Any Other Business.
- IV. The company shall discuss the following matters at the board meeting:
1. Operating plans of the company.
 2. Annual financial reports and semi-annual financial reports. However, semi-annual financial reports that are not required to be audited and certified by accountants according to legal regulations are exempt from this requirement.
 3. Establishment or amendment of internal control systems as stipulated in Article 14-1 of the Securities and Exchange Act, and assessment of the effectiveness of internal control systems.
 4. Establishment or amendment of procedures for handling significant financial transactions such as acquisition or disposition of assets, engaging in derivative transactions, lending funds to others, endorsing or guaranteeing for others as stipulated in Article 36-1 of the Securities and Exchange Act.
 5. Fundraising, issuance, or private placement of equity securities.
 6. Appointment or dismissal of the chairman of the board when there is no executive director set by the board.
 7. Appointment or dismissal of the financial, accounting, or internal audit supervisor.
 8. Donations to related parties or significant donations to non-related parties. However, donations of a charitable nature for emergency relief due to significant natural disasters may be submitted for retroactive approval at the next board meeting.
 9. Matters stipulated in Article 14-3 of the Securities and Exchange Act, other significant matters requiring resolution by the shareholders' meeting or the board of directors according to laws, regulations, or the articles of incorporation, or matters specified by competent authorities.
- A. The term "related party" referred to in the preceding clause 8 refers to related parties as defined in the financial reporting standards for issuers of securities. The term "significant donation to non-related parties" refers to donations where each donation amount or the accumulated donation amount to the same recipient reaches or exceeds NT\$100 million within one year, or reaches or exceeds one percent of the audited gross revenue in the most recent fiscal year certified by the accountant, or exceeds five percent of the paid-in capital.
 - B. The term "within one year" referred to in the preceding clause shall be calculated retroactively from the date of the convening of the current board meeting as the reference point. Any donations that have already been approved by the board of directors in previous meetings shall be excluded from the calculation.
 - C. For foreign companies whose stocks have no par value or whose par value per share is not ten New Taiwan Dollars, the amount equivalent to five

percent of the paid-in capital as mentioned in clause IV-i shall be calculated as two point five percent of the shareholders' equity.

- D. If the company has independent directors, at least one independent director must personally attend the board meeting. For matters requiring board resolution, all independent directors should be present at the board meeting. If an independent director is unable to attend in person, another independent director should be appointed to represent them. If an independent director expresses objections or reservations, it should be recorded in the minutes of the board meeting. If an independent director cannot attend in person to express objections or reservations, except for valid reasons, written opinions should be provided in advance and documented in the minutes of the board meeting.
- E. When convening a board meeting, a "sign-in sheet" should be provided for attending directors to sign. Directors should attend the board meeting in person. If unable to attend in person, they may appoint another director as a proxy in accordance with the company's articles of incorporation. Participation via video conferencing is considered as attending in person, but a faxed sign-in card should be sent as a substitute for signing in.
- F. When a director appoints another director as a proxy to attend a board meeting, a proxy letter should be issued each time, specifying the scope of authority for the matters to be convened. Each proxy is limited to representing one director.
- G. Board meetings shall be convened at the company's registered office during office hours. However, for business needs, they may be held at other convenient locations and times suitable for the attendance of directors.
- H. If the board meeting is convened by the chairman of the board, the chairman shall serve as the presiding officer. However, at the first board meeting of each term, if convened by the director who received the most votes from the shareholders' meeting, the meeting shall be chaired by that convenor, and if there are two or more convenors, they shall mutually elect one person to chair the meeting.
- I. When the board meeting is convened by a majority of the directors in accordance with Article 203, paragraph 4, or Article 203-1, paragraph 3 of the Company Act, the directors shall mutually elect one person to serve as the chairman.
- J. In case the chairman of the board is on leave or unable to exercise their duties due to unforeseen circumstances, they shall be represented by the vice chairman. If there is no vice chairman or the vice chairman is also on leave or unable to exercise their duties, the chairman shall designate one executive director to act as their proxy. If there is no executive director, the chairman shall designate one director as their proxy. If the chairman fails to designate a proxy, the executive director or the directors shall mutually elect one person to act as the proxy.
- K. When the board meeting is convened, the Finance and Administration Center should have relevant documents ready for the attending directors to refer to at any time.
- L. During the board meeting, relevant department managers who are not directors should be notified according to the content of the agenda to attend the meeting, report on the current business situation of the company, and respond to questions raised by the directors, in order to assist the directors in understanding the current status of the company and making appropriate decisions. Additionally, accountants, lawyers, or other professionals may be invited to attend the meeting and provide explanations, but they should leave the meeting during discussions

and voting.

- M. Throughout the board meeting process, audio or video recording should be conducted and kept as evidence for at least five years, which may be stored electronically. If there is litigation concerning decisions made by the board during the storage period, the relevant recording or video evidence should be kept until the litigation concludes. For meetings conducted via video conferencing, the video footage constitutes part of the minutes and should be properly preserved for the duration of the company's existence.
- N. When the chairman of the board reaches the scheduled meeting time and a majority of directors are present, the meeting should be promptly declared open. If at the scheduled meeting time, less than half of the directors are present, the chairman may announce a postponement until later in the day, with a limit of two postponements. The total delay time should not exceed one hour. If there are still insufficient attendees after two postponements, the chairman may reconvene the meeting according to the procedures outlined in the first clause. The term "all directors" refers to those currently in office.
- O. When the chairman of the board reaches the scheduled meeting time and a majority of directors are present, the meeting should be promptly declared open. If at the scheduled meeting time, less than half of the directors are present, the chairman may announce a postponement until later in the day, with a limit of two postponements. The total delay time should not exceed one hour. If there are still insufficient attendees after two postponements, the chairman may reconvene the meeting according to the procedures outlined in the first clause. The term "all directors" refers to those currently in office.
- P. Before the conclusion of the agenda set forth in the preceding clause (including any ad hoc motions), the chairman shall not adjourn the meeting without the consent of a majority of attending directors. During the meeting, the chairman may announce breaks or consultations as deemed necessary. If the chairman is unable to preside over the meeting or fails to adjourn the meeting according to regulations, the appointment of a proxy shall follow the provisions of Article 12.
- Q. After a director has spoken, the chairman may personally respond or designate relevant personnel to respond, or designate attending professionals to provide necessary information.
- R. If a director repeatedly speaks on the same agenda item or exceeds the topic, thus affecting other directors' ability to speak or hindering the progress of the meeting, the chairman may intervene and stop their speech.
- S. When the chairman believes that sufficient discussion on an agenda item has taken place, they may announce the end of discussion and proceed to voting.
- T. During voting on agenda items, if there are no objections after the chairman consults the attending directors, the item is deemed passed with the same effect as if voted upon. If there are objections after consultation, the item should be put to a vote.
- U. The method of voting shall be chosen by the chairman from the following options, but if there are objections from attendees, the opinion of the majority shall be sought to decide:
 - 1. Show of hands or electronic voting.
 - 2. Roll call voting.
 - 3. Ballot voting.

4. Other voting methods chosen by the company.
- V. The term "all attending directors" in the preceding two clauses does not include directors who are prohibited from exercising voting rights as stipulated in clause twenty-five.
- W. Voting on agenda items shall require a majority of attending directors, unless otherwise stipulated by the Securities and Exchange Act, the Company Act, or the company's articles of incorporation. The approval of a majority of attending directors is required for passage.
- X. When there are amendments or alternative proposals for the same agenda item, the chairman shall determine the voting sequence along with the original proposal. However, if one of the proposals has already been approved, the other proposals are deemed rejected and do not require further voting.
- Y. If it is deemed necessary to appoint scrutineers and vote counters for the voting of agenda items, they shall be appointed by the chairman, but scrutineers must hold the status of director.
- Z. The results of the vote should be reported immediately, and records should be kept.
- AA. If any decisions made by the board of directors involve significant information as stipulated by laws or regulations of competent authorities, the company should transmit the content to the Market Observation Post System (MOPS) within the prescribed time.
- BB. Directors or representatives of legal persons with a conflict of interest in the matters discussed at the meeting, either personally or on behalf of their represented legal persons, shall explain the significant details of their conflict of interest at the current board meeting. They should abstain from participating in the discussion and voting on the following matters:
1. Matters that may harm the interests of the company due to conflicts of interest with themselves or their represented legal persons.
 2. Matters which the director recognizes the need to abstain from.
 3. Matters for which the board of directors has resolved that abstention is necessary.
- CC. The spouse, relatives within the second degree of consanguinity, or companies in a controlling or subsidiary relationship with a director, who have conflicts of interest with matters discussed at the meeting as mentioned in the preceding paragraph, shall be regarded as having conflicts of interest with the director regarding such matters.
- DD. The proceedings of the board of directors shall be documented in minutes, which shall comprehensively record the following details:
1. The date (or year) and time and location of the meeting.
 2. The name of the chairperson.
 3. Attendance of directors, including names and numbers of those present, absent, and on leave.
 4. Names and titles of attendees.
 5. Name of the recorder.
 6. Matters reported.

7. Matters discussed: Methods and outcomes of resolutions on each agenda item, summaries of statements by directors, supervisors, experts, and other individuals, names of directors involved in conflicts of interest as per the preceding article, explanation of significant content regarding conflicts of interest, reasons for abstention or non-abstention, instances of abstention, opposition or reservations with recorded or written statements, and written opinions provided by independent directors as per Article Six-4.
 8. Ad hoc motions: Name of proposer, methods and outcomes of resolutions on agenda items, summaries of statements by directors, supervisors, experts, and other individuals, names of directors involved in conflicts of interest as per the preceding article, explanation of significant content regarding conflicts of interest, reasons for abstention or non-abstention, instances of abstention, and opposition or reservations with recorded or written statements.
 9. Other matters to be recorded.
- EE. Decisions made by the board of directors, under the following circumstances, shall be recorded in the minutes and announced on the designated information disclosure website of the competent authority within two days from the date of the board meeting:
1. Independent directors express opposition or reservation with recorded or written statements.
 2. Approval is granted by over two-thirds of all directors present without prior review and approval by the audit committee.
- FF. Personnel responsible for board meetings (Finance and Management Center) shall diligently compile and record meeting reports:
1. Summaries of discussions on each agenda item of the board, directors' objections, resolution methods, and outcomes shall be fully and comprehensively recorded in accordance with relevant regulations. The meeting records shall be signed by the meeting chairperson and the recording personnel and shall be distributed to each director and supervisor within twenty days after the meeting. The production and distribution of the minutes may be done electronically.
 2. When discussing significant financial transactions such as asset acquisitions or disposals, engaging in derivative transactions, lending funds to others, or endorsing or guaranteeing for others, due consideration shall be given to the opinions of the audit committee or independent directors, and their consent or dissenting opinions and reasons shall be included in the meeting records.
 3. Board meeting records shall be included in the company's important files and appropriately preserved throughout the company's existence. The attendance register of the board shall be a part of the meeting minutes and shall be permanently retained.
- V. The establishment of these rules of procedure shall be approved by the board of directors and reported to the shareholders' meeting. Any future amendments shall be authorized by the board of directors.
- VI. These rules of procedure were established on August 15, 2011.
The 1st amendment was made on December 25, 2017.

The 2nd amendment was made on December 24, 2018.

The 3rd amendment was made on November 10, 2022.

The 4th amendment was made on February 21, 2024.

Information Technology Total Services Co., Ltd.

Shareholdings of All Directors

As of the book closure date (April 1, 2024) for this annual shareholders' meeting, directors' shareholdings individually and as a whole as recorded in the entries of shareholders register are as shown in the below table:

Title	Account name	Number of shares held	Shareholding percentage
Chairman	TECO Electric and Machinery Co., Ltd. Representative: Shang-Wei Kao	11,467,248	41.97%
Director	TECO Electric and Machinery Co., Ltd. Representative: Chwen-Jy Chiu		
Director	TECO Electric and Machinery Co., Ltd. Representative: An-Ping Liu		
Director	TECO Electric and Machinery Co., Ltd. Representative: Peng-Chi Tseng		
Director	Advantech Co., Ltd. Representative: Shih-Chang Lin	4,009,273	14.67%
Director	Wen-Nan Chan	0	0
Independent Director	Yi-Bing Lin	0	0
Independent Director	Cheng-Kang Chen	0	0
Independent Director	Jui-Tang Chang	0	0
Total directors' shareholdings		15,476,521	60.58%

Description:

1. The Company's paid-in capital is NT\$273,233,640, and has issued 27,323,364 outstanding shares.
2. The minimum shareholding required from all directors pursuant to Article 26 of the Securities and Exchange Act is as follows: 3,278,803 shares
3. The number of shares held by all directors has reached the statutory threshold.
4. In accordance with Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, if a public company has elected two or more independent directors, the shareholdings by all directors other than the independent directors shall be decreased by 20%.
5. The representative of TECO Electric and Machinery Co., Ltd. was originally Chen Guo-min. On August 9, 2023 of the Republic of China, he was replaced by Peng-Chi Tseng.