

**Stock Code: 3289**

**Website for further information: [mops.twse.com.tw](http://mops.twse.com.tw)**

**Company Website: [www.istgroup.com](http://www.istgroup.com)**

# **INTEGRATED SERVICE TECHNOLOGY INC.**

## **2023 Annual Shareholders' Meeting Agenda Handbook**

**Type of meeting: Physical shareholders'  
meeting**

**Date: June 14, 2023**

**Address: 9F, No. 19, Puding Road,  
Hsinchu City**

# **Content**

I.	Meeting Procedure	1
II.	Meeting Agenda	2
III.	Reports	3
IV.	Proposed Resolutions	5
V.	Discussion	6
VI.	Extempore Motions	9
VII.	Adjournment	9
VIII.	Attachments	
(I)	2022 Business Report	10
(II)	Audit committee's Review Report	14
(III)	Director Remuneration Policy and Remuneration Scale of Individual Directors	15
(IV)	Audit Report and 2022 Separate and Consolidated Financial Statements	18
(V)	2022 Profit and Loss Allocation Statement	41
IX.	Appendices	
(I)	Procedural Rules of the Shareholder's Meeting	42
(II)	Articles of Incorporation	55
(III)	Number of shares held and minimum number of shares required to be held by total shareholders	63

## Integrated Service Technology

### **I. (2023 Annual Shareholders' Meeting Procedure)**

- (I) Meeting called to order (The number of shares of the shareholders present is reported.)
- (II) Speech given by Chairman
- (III) Reports
- (IV) Proposed Resolutions
- (V) Discussion
- (VI) Extempore Motions
- (VII) Adjournment

## Integrated Service Technology

### **II. (2023 Annual Shareholders' Meeting Agenda)**

Type of Meeting: Physical shareholders' meeting

Date: June 14, 2023 (Wednesday) at 9:00 a.m.

Place: 9F, No. 19, Puding Road, Hsinchu City (Conference Room on 9F at IST)

- (I) Meeting called to order
- (II) Speech given by Chairman
- (III) Reports
  - A. 2022 business report of IST
  - B. Report of the statements examined by the audit committee for the year ended 2022
  - C. Report of 2022 earning distribution
  - D. Report of 2022 distribution of remunerations to employees and directors
  - E. Report of private placements of common shares
- (IV) Proposed Resolutions
  - A. Statements for the year ended 2022
  - B. Proposal of 2022 Profit or Loss Allocation
- (V) Discussion
  - A. Private placements of common shares for cash
- (VI) Extempore Motions
- (VII) Adjournment

### III. (Reports)

#### Motion 1

Subject: 2022 business report is presented for review.

Explanation: For 2022 business report, please refer to pages 10 to 13 of the Handbook (Attachment I).

#### Motion 2

Subject: The statements for the year ended 2022 which has been audited by the audit committee is presented for review.

Explanation: For the audit committee's review report, please refer to page 14 of the Handbook (Attachment II).

#### Motion 3

Subject: The report of 2022 earning distribution is presented for review.

Explanation:

1. The board of directors is authorized in accordance with the Articles of Incorporation to resolve for cash dividends to be distributed quarterly.
2. Amounts of cash dividends distributed quarterly by IST in 2022 and corresponding dates of distribution are listed as follows:

2022	Date of approval (YYYY/MM/DD)	Date of distribution (YYYY/MM/DD)	Cash dividends per share (NTD)	Total cash dividends (NTD)
Q1	2022/05/05	-	0	0
Q2	2022/08/02	-	0	0
Q3	2022/11/02	2023/05/18	1.0	74,775,121
Q4	2023/03/14	Not decided yet	1.0	74,775,121
Total			2.0	149,550,242

#### Motion 4

Subject: The report of 2022 distribution of remunerations to employees and directors is presented for review.

Explanation:

1. In case of any profit for a year, no less than 3% of the profit for employees' remuneration and no more than 3% of the profit for directors' remuneration shall be distributed in accordance with the Articles of Incorporation.
2. The employees' remuneration distributed this year is NTD 24,000,000, and the directors' remuneration, NTD 6,000,000, both of which are distributed in cash.
3. There is no difference between the above amounts approved by the board of directors to be distributed to employees and directors and the estimated amounts for the year recognized as expenses.
4. For (III) Director Remuneration Policy and Remuneration Scale of Individual Directors, please refer to pages 15-17 of the Handbook [Attachment III)].

#### Motion5

Subject: The report of private placements of common shares is presented for review.

Explanation:

1. IST has been approved, based on the resolution made at the annual meeting of shareholders by June 14, 2022, to complete private placements of common shares for cash to the extent of 7,000,000 shares.
2. The private placement of marketable securities shall be carried out within one year of the date of the resolution of the shareholders' meeting in accordance with Article 43-6 of the Securities and Exchange Act.
3. In case that the deadline of the above private placement is approaching and IST has not selected any eligible subscriber, the private placement shall be ceased as resolved at the 14th meeting of IST 11th-term board of directors of March 14, 2023.

## **IV. (Proposed Resolutions)**

### **Motion 1**

(Proposed by Board of Directors)

Subject: The statements for the year ended 2022 is presented for recognition.

Explanation:

1. The 2022 separate and consolidate financial statements of IST (including Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, etc.), which were approved based on the resolution made by IST board of directors on March 14, 2023, have been audited by Mr. Huang Yu-Feng and Ms. Tsai Mei-Chen, CPAs of Deloitte & Touche, and have also been submitted together with the business report to the audit committee for review and audit. The reviewed and audited financial statements and business report are hereby presented for recognition.
2. For 2022 Business Report, Audit Report and 2022 Separate and Consolidated Financial Statements, please refer to pages 10 to 13 (Attachment I) and pages 18-40 (Attachment IV ) of the Handbook.

Resolution:

### **Motion 2**

(Proposed by Board of Directors)

Subject: The proposal of 2022 profit or loss allocation is presented for recognition.

Explanation:

1. The 2022 Profit and Loss Allocation Statement of IST, which has been adopted based on the resolution made by the board of directors, is presented at the shareholders' meeting for recognition.
2. For 2022 Profit and Loss Allocation Statement, please refer to page 41 of the Handbook (Attachment V).

Resolution:

## **V. (Discussion)**

### **Motion 1**

(Proposed by Board of Directors)

**Subject:** The proposal of private placements of common shares for cash is presented for discussion.

#### **Explanation:**

1. To improve the financial structure, enrich the working capital and control the timeliness of fundraising, IST has planned to carry out private placements of common shares for cash to the extent of 7,000,000 shares, with NTD10 per share.
2. The matters required to be specified for private placements in accordance with Article 43-6 of the Securities and Exchange Act are stated as follows:
  - (1) **Basis and Rationale for the Setting of the Price:**
    - (A) The reference price for the private placement of common shares is calculated based on the higher of (a) the simple arithmetic mean of closing prices of common shares for 1 business day or 3 or 5 business days immediately before the date of pricing, less ex-rights and dividends for gratuitous shares, and plus the share price after share buybacks for capital reduction and (b) the simple arithmetic mean of closing prices of common shares for 30 business days immediately before the date of pricing, less ex-rights and dividends for gratuitous shares, and plus the share price after share buybacks for capital reduction.
    - (B) The actual offering price for the private placement is resolved to be no less than 80% of the reference price. The meeting of shareholders is hereby requested to require that the actual offering price to be determined by the board of directors, which is authorized by the meeting to determine the offering price, shall be no less than 80% of the reference price.
    - (C) The offering price is reasonably determined based on the business performance, future prospects and latest share prices of IST.
    - (D) The board of directors is authorized to determine the actual date of pricing, depending on the situation of selecting specified persons afterward.
  - (2) **Means of Selecting Specified Persons:**
    - (A) The private placement is carried out in accordance with Article 43-6 of the Securities and Exchange Act and pursuant to the official letter dated June 13, 2002 with the reference number (91)-Tai-Cai-Zheng-Yi-Zi-0910003455 from Securities and Futures Commission, MOF. Subscribers are limited to strategic investors. Strategic investors refer to individuals or corporate



entities that are able to use their experience, technology, knowledge, brands or channels through industrial vertical integration, horizontal integration or common research to develop merchandise or market to enhance profits of IST and assist invested companies in enhancing technology, improving quality, reducing cost, improving efficiency and expanding the market share.

(B) The board of directors is authorized to select specified persons, from those who are helpful to future business operation of IST directly or indirectly, to be subscribers for the private placement of common shares in accordance with Article 43-6 of the Securities and Exchange Act and pursuant to the order dated June 13, 2002 with the reference number (91)-Tai-Cai-Zheng-Yi-Zi-0910003455 from Securities and Futures Commission, MOF.

(3) Reasons Necessitating the Private Placement:

(A) Reasons for not undertaking a public offering: With rapid, simple and convenient characteristics, a private placement is carried out to efficiently complete the purpose of soliciting strategic investors. In addition, limitations on transfer of privately placed marketable securities for 3 years may better ensure the long-term cooperation between IST and strategic investors. Moreover, the board of directors is authorized to carry out the private placement based on the actual need of corporate business. The mobility and flexibility of fundraising for IST is therefore enhanced.

(B) Limit of private placement: It is limited to 7,000,000 shares, which shall be carried out within a year from the date of the resolution made at the shareholders' meeting.

(C) Use of funds from the private placement and expected effects: Funds obtained from the private placement are used to enrich working capital and repay loans so as to improve IST's financial structure, strengthen corporate competitiveness, and enhance operational performance. All of these effects are propitious for shareholders' equity.

3. Rights and obligations for the private placement of new shares for cash are same as those of common shares issued already by IST. However, subject to the Securities and Exchange Act, the privately placed shares shall not be sold to anyone, except the persons specified in Article 43-8 of the Securities and Exchange Act, within 3 years after the date of delivery of these shares. After the completion of 3 years from the date of delivery of the privately placed common shares, the board of directors shall be authorized to decide based on current situations whether to apply, pursuant to applicable regulations, to Taipei Exchange for a written approval for compliance with OTC standards, and with the approval, complete the procedure of public

offering with the competent authority in charge of securities and apply for permission for OTC transactions.

4. The meeting of shareholders is hereby requested to authorize the board of directors to carry out the private placements of common shares within one year immediately after the date of the resolution made at the shareholders' meeting.
5. The plan for private placement includes percentage of private placement, actual offering price, number of shares, issuance conditions, issuance date, planned items, amount of raised funds, selection of subscribers, expected progress, expected potential effects and relevant matters, and other matters related to the issuance plan. The meeting of shareholders is hereby requested to approve the plan and authorize the board of directors to adjust, establish and deal with the matters contained in the plan based on market conditions. In case of any amendment required by the competent authority or any business evaluation or any modification required due to objective environmental requirements in the future, the board of directors shall be fully authorized to deal with all relevant matters.
6. In addition to the aforementioned scope of authorization, the meeting of shareholders is hereby requested to authorize Chairman or the person designated by Chairman to sign, negotiate or modify any and all contracts and documents relevant to the private placement of common shares on behalf of IST and further authorize Chairman to deal with all matters necessary for issuance of privately placed common shares for IST.

Resolution:

## **VI. (Extempore Motions)**

## **VII. (Adjournment)**

## **VIII.(Attachments)**

### **Attachment I: 2022 Business Report**

Ladies and gentlemen:

The year 2022 was a year of challenges and opportunities for IST. Under the impact of the recession of the epidemic dividend and the surging of inflation pressure, the global electronic industry showed a downturn, accompanied with the sharp decline of the terminal market. The semiconductor industry experienced a difficult period in the second half of 2022, with constant noise from market inventory reduction and capital expenditure adjustment; however, most major plants still continued their R&D and innovation in order to sustain competitiveness, and find new application fields to pull through the cold winter of the economic downturn. Fortunately, IST was less affected by the economic downturn and even realized growth against the trend, for the main business operation of IST was intended to assist customers in accelerating their product R&D and assuring product quality. In other words, “requirements for verification and analysis exist when customers are engaged in R&D.”

In order to realize the goal of IST to become a trustworthy third-party fair laboratory in the electronics industry, we will continually improve our services, expand our strength in verification and analysis, and continue to increase production capacity to support customers’ growth at the same time. In 2022, with the promotion of the advanced processes, the production capacity of Material Analysis (MA) of IST was enlarged by 40% in order to support customers’ requirements for rapid growth. Relying on our persistent efforts, the technological content of MA at 2/3 nano process node was recognized by the customers.

In 2022, there was also good news about our business layout in automotive electronic services. After being reviewed at each level, IST was formally recognized by Automotive Electronics Council (AEC), the supreme authority of the global automotive electronics industry, as an AEC member, and therefore IST became the only recognized third-party fair laboratory in Asia. There are only 93 companies in the world with the identity of AEC members, and only 9 companies in Taiwan are AEC members. Therefore, with this identity, IST will be able to quickly master the development trends of the automotive market, effectively and profoundly understand the experimental methods of international automotive plants and Tier-1 manufacturers, and provide knowledge on the international quality control and management trends; also, IST will take the lead in analyzing international specifications and become a pilot to lead semiconductor enterprises like Asian IC design companies to step in the field of automotive electronics.

Benefited from the customers’ strong requirements for our industry-leading verification and analysis solutions, IST hit a new historical record regarding its operating revenue. To be specific, the annual operating revenue of IST reached NTD 3,743,000,000 in 2022, up by 16.46% compared with that in 2021.

Now, IST is entering a period of quick growth. The great trends from advanced process, electric vehicle, third-generation semiconductors, 5G, HPC, Internet of Things, and AI related applications are expected to drive more enterprises to make further R&D investments in future science and technology. In this context, IST will also continue its close cooperation with major international customers, and develop more solutions to support the customers’ requirements for verification and analysis.

At the same time, in response to the pattern of G2, IST will start from Taiwan and expand its verification and analysis business to the whole world, with the objective to better international customer services, speed up business operations, and reinforce its competitive advantages.

## Business Overview

The annual consolidated operating revenue of IST reached NT 3,743,000,000 in 2022, up by 16.46% compared with NTD 3,214,000,000 in 2021, and creating a new historical record; the consolidated net profit after tax reached NTD 387,000,000, presenting an annual growth rate of 213.80%; the accumulated annual earnings per share (EPS) after tax reached NTD 5.33, up by 163.86% compared with the EPS of NTD 2.02 in the same period last year. These financial figures fully show the strong posture of IST in the layout of verification and analysis business. The specific information is as follows:

The consolidated operating revenue for 2022 reached NTD 3,742,682,000, with annual growth rate of 16.46%;

The gross profit for 2022 reached NTD 1,015,822,000, with annual growth rate of 26.71%;

The net operating profit for 2022 reached NTD 334,883,000, with annual growth rate of 77.63%;

The net profit after tax for 2022 reached NTD 386,502,000, with annual growth rate of 213.80%; if calculated according to the weighted average outstanding shares in 2022, the EPS of the company reached NTD 5.33, with annual growth rate of 163.86%.

Consolidated Operating Revenue and Profits of Integrated Service Technology (3289) for 2022 (Unit: NTD 1,000, except for EPS)			
Item	2022	2021	Annual increase (decrease)%
Operating revenue	3,742,682	3,213,788	16.46%
Gross profit	1,015,822	801,712	26.71%
Net operating profit	334,883	188,532	77.63%
Net profit before tax	468,113	212,231	120.57%
Net revenue (loss) after tax	386,502	123,169	213.80%
EPS (NTD)	5.33	2.02	163.86%

## Business Operation and Development

In 2022, IST continually exerted more efforts to provide services for new markets based on the field of semiconductor verification and analysis, including the long-established electric vehicle market, space satellite market, advanced process, and third-generation semiconductor market, with the objective to create value for customers and become the best product R&D assistor and the best quality defender for the customers.

In the field of electric vehicle, the trend of automotive electronics is moving forward, which drives the increase of the demand for semiconductor R&D. In 2022, the estimated global sales volume of electric vehicles approached 10 million, and the annual growth rate of the shipments of electric vehicles is expected to exceed 40% by 2025, which means the doubling of the quantity of semiconductor parts used in the electric vehicles. IST became an AEC member at the end of 2022. Currently, there are only 93 AEC members globally and 9 of them are located in Taiwan. IST, as the only third-party fair laboratory recognized by AEC in Asia, will be capable of assisting more customers in entering the field of electric vehicle.

When IST becomes a member of the AEC Component Technical Committee, its role will be changed from “a user of specifications to a member participating in the establishment of these specifications”. As a result, IST can master the trends of the automotive market more quickly, effectively and profoundly understand the experimental methods of international automotive plants and Tier-1 manufacturers, and provide knowledge on the international quality control and management trends; also, IST will take the lead in analyzing international specifications and become a pilot to lead semiconductor enterprises like Asian IC design companies to step in the field of

automotive electronics.

In the field of space satellite, with the launch of the space age, close-orbit satellite communication created a trend. At the same time, Taiwan is also vigorously promoting the development of the space industry, and improving the space infrastructure. IST has continually engaged in the scope of space electronics tests targeting at temperature, vibration, impact, thermal vacuum, gas volatilization, and various other items. The number of customers and testing requirements in this field have also been increased year by year.

For advanced process, MA is the most essentially analysis project in the R&D stage. In 2022, through the actual performance verification at the customer side, the material analysis capacity of IST already reached 2/3 nano process node. Since 7 days 24h full-time operation is adopted, the customers' requirements for quick delivery can be satisfied. For sample preparation energy, IST has allocated diversified preparation techniques, including pre-preparation treatment of protective layer and reduction of affected layer of test films. As a result, semiconductor customers are able to obtain high-quality TEM images.

With the development of advanced processes by major global wafer OEM factories and the application of the third-generation semiconductor, GAA, a key "die shrink" technology as regarded will become one of the highlights in the industry together with the new generation of compound semiconductor (third-generation semiconductor) that will stand out in the field of power and communication components. Accordingly, the demand for analysis services will grow substantially.

GAA is a part of semiconductor "die shrink" process, and therefore its structure is substantially reduced. In this case, TEM (Transmission Electron Microscope) based MA gate structure must be used. The analysis of the new generation of compound semiconductor (third-generation conductor) focuses on the integration of semiconductors made of different elements, e.g., silicon carbide (SiC) and gallium nitride (GaN). The issue of lattice matching arising from the superposition of different elements would compromise the work function and energy band of chips. Therefore, in addition to MA, surface analysis technique must also be utilized to master the specific conditions.

As a global wafer OEM factory and MA supply chain for third-generation semiconductor, IST has successively enlarged its production capacity for MA/surface analysis, and acts as a firm backup for the customers in the semiconductor industry.

### **Corporate Social Responsibility (ESG)**

As a leader of verification and analysis in the electronics industry, IST knows clearly that its actions would also influence its customers, suppliers, communities where we live and operating bases are located, as well as global climate and environment. Therefore, IST always remembers its responsibilities, and has never forgotten to perform its corporate social responsibilities and dedicate to promoting relevant aspects including caring about the disadvantaged, environment and safety, and diversified inclusive workplace while pursuing business growth.

For many years, IST has continually cultivated future scientific and technological talents and disadvantaged school children in remote areas through scholarship program, and promoted the implementation of reading schemes for remote schools and plan for popularization of knowledge on chemistry in countryside in the hope that school children can build good reading habits and improve their knowledge on chemistry so as to enhance their future competitiveness; in addition to improving children's learning ability, IST has also worked with relevant groups to promote emotional intelligence (EQ) education for children, help with recovery of mentally ill patients, enhance EQ ability of individuals, and facilitate harmony and beauty of the society. Furthermore, IST has initiated the "Palm Down" plan for the institutes established for physically and mentally challenged people, who were invited to sell agricultural products grown by themselves under the plan. By doing so, IST tried to make efforts to contribute and give back to the society.

To perform its corporate social responsibilities, IST continually refined its corporate governance, and environment and safety management. In recent years, it has adopted a series of security measures,

practiced programs intended to take care of employees and assure environmental protection, and passed the certification of ISO 27001 Information Security Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System.

### **Future Prospects**

IST has devoted to the implementation of corporate governance and sustainable management while earning great returns for shareholders. We appreciate the trust and support from shareholders. Let's bid farewell to 2022 and look into the future. Despite the continual presence of uncertainty of circulation of the electronics industry within a short term, the application of future science and technology, including AI, electric vehicle, and the Internet, has become increasingly common.

Relying on its leading position in reliability verification (RA), failure analysis (FA), and material analysis (MA), IST will develop in the frontline of the times and assist customers in R&D at a faster speed to create bigger value for them. IST will stick to its core values of "Best Product R&D Assistor" and "Best Quality Defender" and join hands with global electronics customers to embrace the future science and technology together.

It is our honor to join our shareholders to begin a journey of future science and technology R&D, and we expect to keep a long-lasting relationship with each shareholder and create maximum interests for them, and create a prosperous future together. I would like to express my gratitude to each shareholder, and wish you good health and happiness.

In the end, thank you for your long-term support and trust again.

We wish all shareholders health and success.

Chairman: Yu Wei-Pin  
General Manager: Yu Wei-Pin  
Accounting Manager: Lin Yu-Sang

## **Attachment II: Audit Committee's Review Report**

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

The board of directors, duly authorized, has prepared the IST business report and financial statements for the year ended Dec. 31, 2022 as well as the proposal for profit or loss allocation. Deloitte & Touche, commissioned by IST to audit the financial statements, has certified the financial statement successfully and issue its audit report. The aforementioned business report, financial statements and the proposal for profit or loss allocation have been audited by the audit committee, which believes they have satisfied all legal requirements. This report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The report is presented to

2023 Annual Meeting of Shareholders of Integrated Service Technology

Audit committee convenor: Yu Chuo-Min

March 14, 2023



## **Attachment III: Director Remuneration Policy and Remuneration Scale of Individual Directors**

### **1. Director Remuneration Policy:**

(1) The payment of director reward, remuneration, and traffic allowance by the Company shall be handled in accordance with “Remuneration Policy for Directors, Members of Remuneration Committee, and Managers” unless otherwise stipulated in laws and regulations or the Articles of Incorporation of the Company. The total payment amount of director remuneration shall be handled in accordance with the provisions stipulated in Article 18 of the Articles of Incorporation. If the Company profits in current year (The profits mentioned refer to interests before tax before the deduction of employee remuneration and director remuneration), it shall appropriate at least 3% of such profits as employee remuneration, and no more than 3% of such profits as director remuneration. However, if the Company still has accumulated losses (including adjustment of undistributed surplus amount), relevant amount shall be reserved in advance to make up for the losses. The preceding employee remuneration can be paid in form of stock or cash. The payment objects shall include employees from companies controlled by or subordinate to the Company who shall comply with certain conditions. The preceding director remuneration can only be paid in cash. The two preceding items may be implemented only after the Board of Directors makes relevant resolution and reports to the Shareholders’ Meeting.

(2) The performance of the Board of Directors, functional committees, and individual directors of the Company shall be evaluated once every year according to “Measures for the Performance Evaluation of Board of Directors and Functional Committee”. The evaluation results will be submitted to the Remuneration Committee for reference regarding the deliberation of proposal for distribution of director remuneration, and then presented to the Board of Directors for discussion based on the resolution; the performance evaluation items include mastery of the company goals and tasks, cognition of director responsibilities, participation in the corporate operation, operation and communication of internal relations, profession and further education of directors, internal control, and abidance by relevant

regulations. The scoring rate of self-evaluation of each director and the overall operation status of the Board of Directors were favorable in current year, and it was planned to distribute individual directors' remuneration in principle of average distribution during the term of office.

## 2. Remuneration Scale of Individual Directors:

December 31, 2022

Unit: NTD 1,000

Title	Name	Director's remuneration								Total of items A, B, C and D and ratios over net income after tax		Relevant remuneration received by concurrent employees								Total of items A, B, C, D, E, F and G and ratios over net income after tax		Remuneration received from reinvestment enterprises other than subsidiaries	
		Salary (A)		Severance pay and pension (B)		Director reward (C)		Business execution fees (D)				Remuneration, bonus, extraordinary charge (E)		Severance pay and pension (F)		Employee reward (G)							
		The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company		All companies in financial report (Note 7)		The Company	All companies in financial report (Note 7)		
Cash amount	Stock amount															Cash amount	Stock amount						
Director	Han Sheng Investment Co., Ltd. Representative: Yu Wei-Pin	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	13,251	13,251	0	0	0	0	0	0	13,887 3.43%	13,887 3.43%	None	
Director	Liu Fu-Han	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None	
Director	Hui Long Co., Ltd. Representative: Ching-Chuo	Chen	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	1,478	1,478	76	0	0	0	0	0	2,190 0.54%	2,190 0.54%	None
Director	Tu Chung-Che		0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Director	Kai Ou Investment Co., Ltd. Representative: Yang-Kuang	Chen	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Director	Lou Wen-Hao		0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Independent director	Wang Chih-Hung		0	0	0	0	600	600	24	24	624 0.15%	624 0.15%	0	0	0	0	0	0	0	0	624 0.15%	624 0.15%	None
Independent director	Hung Wen-Ming		0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Independent director	Lo Yung-Chien		0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Independent director	Yu Chuo-Min		0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None

## **Attachment IV: Audit Report and 2022 Separate and Consolidated Financial Statements**

### **Audit Report**

To Integrated Service Technology Inc.:

#### **Opinion**

We have audited the financial statements of Integrated Service Technology Inc., which comprise the parent company only balance sheets as of Dec. 31, 2022 and 2021 and the parent company only statements of comprehensive income, parent company only statements of changes in equity and parent company only statements of cash flows for the years then ended, and the notes to the parent company only financial statements (including a summary of material accounting policies).

In our opinion, based on our audits and the report of other auditors (as referred to in the Other Matters section), the accompanying parent company only financial statements present fairly, in all material respects, the financial conditions of Integrated Service Technology Inc. as of Dec. 31, 2022 and 2021 and the parent company only financial performance and parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis of Opinion**

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Parent Company Only Financial Statements by Certified Public Accountants and the Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit section below. We are independent of Integrated Service Technology Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountant and have fulfilled our other responsibilities in accordance with the Norm. Based on our audit results and the audit reports certified by other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Integrated Service Technology Inc. for the year ended Dec. 31, 2022. These matters were addressed in the context

of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters with respect to the parent company only financial statements of Integrated Service Technology Inc. for the year ended Dec. 31, 2022 are stated as follows:

#### Recognition of Revenue

The operating revenue of Integrated Service Technology for 2022 was NTD 3,213,134 thousand, mainly generated from service incomes for providing customers with product verification and analysis service. Please refer to Notes 4 and 22 to the parent company only financial statements for the details on accounting policies and information relevant to revenue recognition.

Revenue recognition is a risk assumed in the Statement on Auditing Standards. Customers of Integrated Service Technology Inc. are numerous and are in different industrial fields domestically and overseas. Thus for the specific customers with respect to which the revenue growth rate of the year exceeds that of IST with such customers, the authenticity of revenue is listed as a key audit matter for this year.

Our key audit procedure performed in respect of the aforementioned key audit matter comprises the following:

1. We understood the internal controls for the procedure of operating revenue recognition, tested and assessed the effectiveness of the internal controls.
2. We verified the authenticity of the customers, analyzed changes in each of the customers for the latest two years, and reviewed reasonableness of receivables turnover ratio.
3. We took adequate transactions from the whole year's operating revenue account as samples to review corresponding sales vouchers, documents signed by the customers for receipt of products, and record of receiving payments in order to confirm the authenticity and accuracy of recognized revenue.
4. We reviewed after the balance sheet date whether any material return and allowance for revenue was attributed to an event taking place in 2022 in order to confirm whether misstatements existed for the annual operating revenue of 2022.

#### Evaluation on Impairment of Accounts Receivable

The total amount of accounts receivable by Integrated Service Technology Inc. as of Dec. 31, 2022 was NTD 1,251,791 thousand. For accounting policies and information regarding accounts receivable, please refer to Notes 4 and 8 to the parent company only financial statements.

The management used historical payment collection experience and the credit risk assumption for customers to evaluate impairment of accounts receivable. As such evaluation could involve the management's judgment, the evaluation on impairment of accounts receivable was therefore a key audit matter for this year.

Our key audit procedure performed in respect of the aforementioned key audit matter comprises the following:

1. We tested for accuracy of age distribution for accounts receivable and evaluated reasonableness of bad debt losses allocated by the management for accounts receivable.
2. We reviewed subsequent receipts of the accounts receivable due and unpaid as of the balance sheet date and verified whether the impairment of accounts receivable was reasonable.

### **Other Matters**

As stated in Note 10 to the parent company only financial statements, some investments accounted for using the equity method in the parent company only financial statements of Integrated Service Technology Inc. were audited by other auditors. Thus in our opinion expressed in the aforementioned financial statements, the investments in the aforementioned investee companies accounted for using the equity method and the share of profits and losses accounted for using the equity method were recognized based on the audit reports of other auditors. As of Dec. 31, 2022 and 2021, the aforementioned investments accounted for using the equity method were NTD 631,647 thousand and NTD 573,816 thousand, respectively, which accounted for 9% of the total assets. For the years ended Dec. 31, 2022 and 2021, the comprehensive incomes of the aforementioned associates accounted for using the equity method were NTD 57,831 thousand and NTD 24,937 thousand respectively, which accounted for 14% of the total comprehensive incomes.

### **Responsibilities of the Management and the Units Charged with Governance for the parent company only financial Statements**

The management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal controls as the management determines are necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of Integrated Service Technology Inc. to continue as a

going concern, disclosing relevant matters and using the going concern basis of accounting unless the management intends to liquidate Integrated Service Technology Inc. or to cease operations, or has no realistic alternative but to do so.

The units charged with governance (including the audit committee) are responsible for overseeing the financial reporting process of Integrated Service Technology Inc.

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards always detects any existing material misstatement in the parent company only financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

In conducting the audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Integrated Service Technology Inc.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude, based on the audit evidence obtained, on the appropriateness of the management's use of the going concern basis of accounting, and whether a material uncertainty exists in respect of any event or situation that may cast significant doubt on the ability of Integrated Service Technology Inc. to continue as a going concern. If we

conclude that a material uncertainty exists, we draw attention in our audit report to the relevant disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or situations may cause Integrated Service Technology Inc. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the Notes) and whether the parent company only financial statements represent the underlying transactions and events fairly.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of Integrated Service Technology Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit, and also responsible for issuing our opinion based on our audit.

We communicate with the units charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during the audit).

We also provide the units charged with governance with a declaration that we have complied with applicable ethical requirements regarding independence, and communicate with them about all relationships and other matters that may reasonably be considered to impair our independence (and relevant preventive measures).

From the matters communicated with the units charged with governance, we determine the key audit matters in the audit of the parent company only financial statements of Integrated Service Technology Inc. for the year ended Dec. 31, 2022. We describe these matters in our audit report unless any law or regulation precludes public disclosure of any of these matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in the audit report because the adverse consequences of such communication are reasonably expected to outweigh any public interest to be promoted.

Deloitte & Touche

Huang Yu-Feng, CPA

Tsai Mei-Chen, CPA

Securities and Futures Bureau Approval  
No.:

Tai-Cai-Zheng-6-Zi-0920123784

Financial Supervisory Commission Approval  
No.:

Jin-Guan-Zheng-Shen-Zi-1010028123

Mar. 14, 2023



Integrated Service Technology Inc.  
Parent Company Only Balance Sheets  
Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Assets	Dec. 31, 2022		Dec. 31, 2021		Liabilities and Equity	Dec. 31, 2022		Dec. 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets					Current liabilities				
Cash and cash equivalents (Notes 4 and 6)	\$ 426,082	6	\$ 361,968	5	Current borrowings (Notes 4 and 15)	\$ 565,709	8	\$ 567,533	8
Current financial assets at fair value through profit or loss (Notes 4 and 7)	523	-	-	-	Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	10	-
Notes and accounts receivable, net (Notes 4, 5 and 8)	1,239,357	18	1,105,708	16	Current contract liabilities (Notes 4 and 20)	117,335	2	71,663	1
Finance lease receivables (Notes 4, 9 and 27)	4,358	-	3,980	-	Accounts payable	242,206	3	184,067	3
Accounts receivable due from related parties, net (Note 27)	20,575	-	29,041	1	Accounts payable to related parties (Note 27)	732	-	6,051	-
Other receivables due from related parties (Note 27)	34,131	-	29,071	1	Payable on machinery and equipment (Note 27)	167,984	2	151,334	2
Prepayments and other current assets (Notes 14 and 27)	112,104	2	56,909	1	Dividends payable, non-cash assets distributions (Note 19)	74,775	1	35,430	1
Other current financial assets (Note 28)	5,197	-	4,223	-	Current tax liabilities (Notes 4 and 22)	54,690	1	70,995	1
Total current assets	<u>1,842,327</u>	<u>26</u>	<u>1,590,900</u>	<u>24</u>	Current lease liabilities (Notes 4 and 12)	45,709	1	48,807	1
Non-current assets					Long-term borrowings, current portion (Notes 4, 16 and 28)	128,000	2	88,000	1
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	27,282	1	21,945	-	Other current liabilities, others (Notes 4, 17 and 27)	447,079	6	320,523	5
Investments accounted for using equity method (Notes 4, 10 and 31)	1,430,493	20	1,425,485	21	Total current liabilities	<u>1,844,219</u>	<u>26</u>	<u>1,544,413</u>	<u>23</u>
Property, plant and equipment (Notes 4, 11, 27 and 28)	3,459,359	49	3,346,025	50	Non-current liabilities				
Right-of-use assets (Notes 4 and 12)	258,827	4	294,590	4	Non-current portion of non-current borrowings (Notes 4, 16 and 28)	1,675,400	24	1,722,800	25
Other intangible assets (Notes 4, 13 and 27)	8,009	-	7,471	-	Deferred tax liabilities (Notes 4 and 22)	620	-	-	-
Deferred tax assets (Notes 4 and 22)	-	-	169	-	Non-current lease liabilities (Notes 4 and 12)	228,755	3	259,215	4
Prepayments for business facilities	56	-	25,114	1	Guarantee deposits received (Note 27)	13,232	-	9,643	-
Guarantee deposits paid	12,643	-	10,475	-	Total non-current liabilities	<u>1,918,007</u>	<u>27</u>	<u>1,991,658</u>	<u>29</u>
Net defined benefit assets, Non-current (Notes 4 and 18)	21,460	-	15,971	-	Total liabilities	<u>3,762,226</u>	<u>53</u>	<u>3,536,071</u>	<u>52</u>
Total non-current assets	<u>5,218,129</u>	<u>74</u>	<u>5,147,245</u>	<u>76</u>	Equity (Notes 4 and 19)				
					Ordinary share	747,751	11	797,751	12
					Capital surplus	2,143,012	30	2,266,955	34
					Retained earnings				
					Legal reserve	160,486	2	175,585	3
					Special reserve	74,898	1	98,491	1
					Unappropriated earnings				
					(Accumulated deficit)	254,536	4	( 41,547 )	( 1 )
					Other equity	( 82,453 )	( 1 )	( 95,161 )	( 1 )
					Total equity	<u>3,298,230</u>	<u>47</u>	<u>3,202,074</u>	<u>48</u>
Total assets	<u>\$7,060,456</u>	<u>100</u>	<u>\$6,738,145</u>	<u>100</u>	Total liabilities and equity	<u>\$7,060,456</u>	<u>100</u>	<u>\$6,738,145</u>	<u>100</u>

The accompanying notes constitute part of the parent company only financial statements.  
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023.)

Integrated Service Technology Inc.  
Parent Company Only Statements of Comprehensive Income  
For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars,  
except for EPS in New Taiwan Dollar

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Notes 4, 20 and 27)	\$ 3,213,134	100	\$ 2,755,003	100
Operating cost (Notes 21 and 27)	<u>2,228,240</u>	<u>69</u>	<u>1,892,591</u>	<u>69</u>
Gross profit from operations	<u>984,894</u>	<u>31</u>	<u>862,412</u>	<u>31</u>
Operating expenses (Notes 21 and 27)				
Selling expenses	72,663	2	72,299	3
Administrative expenses	349,605	11	299,667	11
Research and development expenses	106,308	4	96,038	3
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	<u>2,072</u>	<u>-</u>	<u>( 1,327 )</u>	<u>-</u>
Total operating expenses	<u>530,648</u>	<u>17</u>	<u>466,677</u>	<u>17</u>
Net operating income	<u>454,246</u>	<u>14</u>	<u>395,735</u>	<u>14</u>
Non-operating income and expenses				
Interest income (Notes 21 and 27)	647	-	333	-
Other income (Notes 21 and 27)	58,463	2	78,323	3
Other gains and losses, net (Notes 4 and 21)	21,536	-	( 16,968 )	( 1 )
Financial cost, net (Notes 4, 21 and 27)	( 41,206 )	( 1 )	( 31,241 )	( 1 )
Share of loss of subsidiaries and associates for using equity method, net (Notes 4 and 10)	<u>( 6,939 )</u>	<u>-</u>	<u>( 161,633 )</u>	<u>( 6 )</u>
Total non-operating income and expenses	<u>32,501</u>	<u>1</u>	<u>( 131,186 )</u>	<u>( 5 )</u>
Profit from continuing operations before tax	486,747	15	264,549	9
Income tax expense (Notes 4 and 22)	<u>81,601</u>	<u>2</u>	<u>84,841</u>	<u>3</u>
Profit	<u>405,146</u>	<u>13</u>	<u>179,708</u>	<u>6</u>

(Continued on next page)

(Brought forward from previous page)

	2022		2021	
	Amount	%	Amount	%
Other comprehensive incomes				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains on remeasurements of defined benefit plans (Notes 4 and 18)	\$ 5,377	-	\$ 2,266	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Notes 4 and 19)		-	( 5,559)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (Notes 4 and 19)	155	-	22	-
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation (Notes 4 and 19)	10,777	-	( 3,573)	-
Share of other comprehensive gain of subsidiaries and associates for using equity method (Notes 4 and 19)	<u>1,931</u>	<u>-</u>	<u>705</u>	<u>-</u>
Total other comprehensive income (Net after tax)	<u>18,240</u>	<u>-</u>	<u>( 6,139)</u>	<u>-</u>
Total comprehensive income	<u>\$ 423,386</u>	<u>13</u>	<u>\$ 173,569</u>	<u>6</u>
Basic earnings per share (Note 23)				
Basic earnings per share	<u>\$ 5.33</u>		<u>\$ 2.02</u>	
Diluted earnings per share	<u>\$ 5.30</u>		<u>\$ 2.01</u>	

The accompanying notes constitute part of the parent company only financial statements.  
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023.)

Integrated Service Technology Inc.  
Parent Company Only Statements of Changes in Equity  
For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Common shares		Capital surplus	Retained earnings			Other equity		Treasury shares	Total equity
	Number of shares (in thousands of shares)	Amount		Legal reserve	Special reserve	Undistributed earnings (Accumulated deficit)	Gain or loss on financial asset valuation at fair value through other comprehensive income	Exchange differences on translation of financial statements of foreign operations		
Equity at beginning of period Jan. 1, 2021	93,575	\$ 935,751	\$ 2,630,865	\$ 163,770	\$ 99,815	\$ 169,523	\$ 499	( \$ 92,644 )	\$ -	\$ 3,907,579
Appropriation and distribution of earnings										
Legal reserve appropriated	-	-	-	11,815	-	( 11,815 )	-	-	-	-
Special reserve allocated	-	-	-	-	( 1,324 )	1,324	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	( 185,150 )	-	-	-	( 185,150 )
Share-based payments	-	-	9,999	-	-	-	-	-	-	9,999
Changes in equity of subsidiaries and associates for using equity method	-	-	-	-	-	-	-	351	-	351
Profit for 2021	-	-	-	-	-	179,708	-	-	-	179,708
Other comprehensive income for 2021	-	-	-	-	-	2,288	( 5,559 )	( 2,868 )	-	( 6,139 )
Total comprehensive income for 2021	-	-	-	-	-	181,996	( 5,559 )	( 2,868 )	-	173,569
Purchase of treasury shares	-	-	-	-	-	-	-	-	( 730,808 )	( 730,808 )
Retirement of treasury share	( 13,800 )	( 138,000 )	( 400,443 )	-	-	( 192,365 )	-	-	730,808	-
Changes in ownership interests in subsidiaries	-	-	26,534	-	-	-	-	-	-	26,534
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	( 5,060 )	5,060	-	-	-
Equity at end of period	79,775	797,751	2,266,955	175,585	98,491	( 41,547 )	-	( 95,161 )	-	3,202,074
Appropriation and distribution of earnings										
Legal reserve appropriated	-	-	-	23,118	-	( 23,118 )	-	-	-	-
Legal reserve used to offset accumulated deficits	-	-	-	( 38,217 )	-	38,217	-	-	-	-
Reversal of special reserve	-	-	-	-	( 23,593 )	23,593	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	( 74,775 )	-	-	-	( 74,775 )
Share-based payments	-	-	14,776	-	-	-	-	-	-	14,776
Profit for 2022	-	-	-	-	-	405,146	-	-	-	405,146
Other comprehensive income for 2022	-	-	-	-	-	5,532	-	12,708	-	18,240
Total comprehensive income for 2022	-	-	-	-	-	410,678	-	12,708	-	423,386
Purchase of treasury shares	-	-	-	-	-	-	-	-	( 267,945 )	( 267,945 )
Retirement of treasury share	( 5,000 )	( 50,000 )	( 139,433 )	-	-	( 78,512 )	-	-	267,945	-
Changes in ownership interests in subsidiaries	-	-	714	-	-	-	-	-	-	714
Equity at end of period	74,775	\$ 747,751	\$ 2,143,012	\$ 160,486	\$ 74,898	\$ 254,536	\$ -	( \$ 82,453 )	\$ -	\$ 3,298,230

The accompanying notes constitute part of the parent company only financial statements.  
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023.)

Integrated Service Technology Inc.  
Parent Company Only Statements of Cash Flows  
For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021
Cash flows from operating activities		
Profit before tax	\$ 486,747	\$ 264,549
Adjustments to reconcile profit (loss):		
Depreciation expense	682,036	658,125
Amortization expense	7,258	5,518
Expected credit loss (gain)	2,072	( 1,327)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 6,886)	1,741
Interest expense	41,206	31,241
Interest income	( 647)	( 333)
Share-based payments	14,776	9,999
Share of loss of subsidiaries and associates for using equity method	6,939	161,633
Gain on disposal of property, plan and equipment	( 15,140)	( 2,317)
Gain on disposal of investments accounted for using equity method	-	( 12,880)
Unrealized foreign exchange loss (gain)	3,101	( 844)
Other adjustments to reconcile profit (loss)	( 290)	( 170)
Changes in operating assets and liabilities		
Contract assets	-	1,150
Notes and accounts receivable	( 137,302)	( 105,623)
Accounts receivable due from related parties	8,345	( 3,266)
Other receivable due from related parties	( 5,060)	42,466
Prepayments and other current assets	( 55,195)	8,430
Other operating assets	( 112)	( 55)
Contract liabilities	45,672	( 12,983)
Notes and accounts payable	58,083	( 9,772)
Accounts payable to related parties	( 5,319)	( 2,850)
Adjustments for other current liabilities	<u>125,577</u>	<u>( 297,006)</u>
Cash generated from operations	1,255,861	735,426
Interest paid	( 40,181)	( 31,044)
Income taxes paid	<u>( 97,117)</u>	<u>( 41,629)</u>
Net cash generated from operating activities	<u>1,118,563</u>	<u>662,753</u>

(Continued on next page)

(Brought forward from previous page)

	2022	2021
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through profit or loss	\$ 1,016	\$ 601
Acquisition of investments accounted for using equity method	( 5,000)	( 90,070)
Proceeds from disposal of investments accounted for using equity method	-	33,898
Acquisition of property, plant and equipment	( 712,502)	( 497,960)
Proceeds from disposal of property, plant and equipment	21,784	383,526
Decrease in refundable deposits	( 2,168)	( 1,355)
Acquisition of intangible assets	( 7,796)	( 6,231)
Proceeds from disposal of other intangible assets	-	3,282
Decrease in long-term lease and installment receivables	4,340	4,230
Increase in other financial assets	( 974)	270
Interest received	647	333
Dividends received	<u>6,630</u>	<u>3,050</u>
Net cash used in investing activities	( <u>694,023</u> )	( <u>166,426</u> )
Cash flows from financing activities		
Increase in short-term loans	( 2,296)	246,571
Proceeds from long-term debt	610,000	1,426,000
Repayment of long-term debt	( 617,400)	( 1,174,400)
Increase in guarantee deposits received	3,589	-
Repayment of principal portion of lease liabilities	( 53,969)	( 49,120)
Cash dividends paid	( 35,430)	( 383,658)
Purchase of treasury stock	( <u>267,945</u> )	( <u>730,808</u> )
Net cash used in financing activities	( <u>363,451</u> )	( <u>665,415</u> )
Effect of exchange rate changes on cash and cash equivalents	<u>3,025</u>	( <u>583</u> )
Net increase (decrease) in cash and cash equivalents	64,114	( 169,671)
Cash and cash equivalents at beginning of period	<u>361,968</u>	<u>531,639</u>
Cash and cash equivalents at end of period	<u>\$ 426,082</u>	<u>\$ 361,968</u>

The accompanying notes constitute part of the parent company only financial statements.  
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023.)

## **Independent Auditors' Report**

To Integrated Service Technology Inc.:

### **Opinion**

We have audited the financial statements of Integrated Service Technology Inc. and its subsidiaries, which comprise the consolidated balance sheet as of Dec. 31, 2022 and 2021 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and the notes to the consolidated financial statements (including a summary of material accounting policies).

In our opinion, based on our audits and the report of other auditors (as referred to in the Other Matters section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial conditions of Integrated Service Technology Inc. and its subsidiaries as of Dec. 31, 2022 and 2021 and the consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

### **Basis of Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit section below. We are independent of Integrated Service Technology Inc. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant and have fulfilled our other responsibilities in accordance with the Norm. Based on our audit results and the audit reports certified by other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters with respect to the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2022 are stated as follows:

#### Recognition of Revenue

The consolidated operating revenue of Integrated Service Technology Inc. and its subsidiaries for 2022 was NTD 3,742,682 thousand, mainly generated from service incomes for providing customers with product verification and analysis service. Please refer to Notes 4 and 22 to the consolidated financial statements for the details on accounting policies and information relevant to revenue recognition.

Revenue recognition is a risk assumed in the Statement on Auditing Standards. Customers of Integrated Service Technology Inc. and its subsidiaries are numerous and are in different industrial fields domestically and overseas. Thus for the specific customers with respect to which the revenue growth rate of the year exceeds that of the IST Group with such customers, the authenticity of revenue is listed as a key audit matter for this year.

Our key audit procedure performed in respect of the aforementioned key audit matter comprises the following:

1. We understood the internal controls for the procedure of operating revenue recognition, tested and assessed the effectiveness of the internal controls.
2. We verified the authenticity of the customers, analyzed changes in each of the customers for the latest two years, and reviewed reasonableness of receivables turnover ratio.
3. We took adequate transactions from the whole year's operating revenue account as samples to review corresponding sales vouchers, documents signed by the customers for receipt of products, and record of receiving payments in order to confirm the authenticity and accuracy of recognized revenue.
4. We reviewed after the balance sheet date whether any material return and allowance for revenue was attributed to an event taking place in 2022 in order to confirm whether misstatements existed for the annual operating revenue of 2022.

#### Evaluation on Impairment of Accounts Receivable

The total amount of accounts receivable by Integrated Service Technology Inc. and its subsidiaries as of Dec. 31, 2022 was NTD 1,324,447 thousand. For accounting policies and information regarding accounts receivable, please refer to Notes 4 and 9 to the consolidated financial statements.



The management used historical payment collection experience and the credit risk assumption for customers to evaluate impairment of accounts receivable. As such evaluation could involve the management's judgment, the evaluation on impairment of accounts receivable was therefore a key audit matter for this year.

Our key audit procedure performed in respect of the aforementioned key audit matter comprises the following:

1. We tested for accuracy of age distribution for accounts receivable and evaluated reasonableness of bad debt losses allocated by the management for accounts receivable.
2. We reviewed subsequent receipts of the accounts receivable due and unpaid as of the balance sheet date and verified whether the impairment of accounts receivable was reasonable.

### **Other Matters**

As stated in Note 12 to the consolidated financial statements, the financial statements of some investee companies accounted for using the equity method, which have been included in the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries, were audited by other auditors instead of us. In our opinion expressed in the aforementioned consolidated financial statements, the amounts listed in the financial statements of such investee companies accounted for using the equity method were recognized based on the audit reports of other CPAs. As of Dec. 31, 2022 and 2021, the aforementioned investments accounted for using the equity method were NTD 631,647 thousand and NTD 573,816 thousand, respectively, which accounted for 9% and 8% of the total consolidated assets, respectively. For the years ended Dec. 31, 2022 and 2021, the comprehensive incomes of the aforementioned associates accounted for using the equity method were NTD 57,831 thousand and NTD 24,937 thousand, which accounted for 14% and 21% of the total consolidated comprehensive incomes, respectively.

Integrated Service Technology Inc. has prepared its separate financial statements for the years ended Dec. 31 2022 and 2021. For the financial statements, we have issued an audit report containing our unqualified opinion with other explanations stated in the Other Matters section for reference.

### **Responsibilities of the Management and the Units Charged with Governance for the Consolidated Financial Statements**

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the

Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is also responsible for assessing the ability of Integrated Service Technology Inc. and its subsidiaries to continue as a going concern, disclosing relevant matters and using the going concern basis of accounting unless the management intends to liquidate Integrated Service Technology Inc. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

The units charged with governance (including the audit committee) are responsible for overseeing the financial reporting process of Integrated Service Technology Inc. and its subsidiaries.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards always detects any existing material misstatement in the consolidated financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In conducting the audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the internal controls of Integrated Service Technology Inc. and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude, based on the audit evidence obtained, on the appropriateness of the management's use of the going concern basis of accounting, and whether a material uncertainty exists in respect of any event or situation that may cast significant doubt on the ability of Integrated Service Technology Inc. and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the relevant disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or situations may cause Integrated Service Technology Inc. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the Notes) and whether the financial statements represent the underlying transactions and events fairly.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of Integrated Service Technology Inc. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the corporate audit, and also responsible for issuing our opinion based on our corporate audit.

We communicate with the units charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during the audit).

We also provide the units charged with governance with a declaration that we have complied with applicable ethical requirements regarding independence, and communicate with them about all relationships and other matters that may reasonably be considered to impair our independence (and relevant preventive measures).

From the matters communicated with the units charged with governance, we determine the key audit matters in the audit of the financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2022. We describe these matters in our audit report unless any law or regulation precludes public disclosure of any of these matters or

when, in extremely rare circumstances, we determine that a matter should not be communicated in the audit report because the adverse consequences of such communication are reasonably expected to outweigh any public interest to be promoted.

Deloitte & Touche

Huang Yu-Feng, CPA

Tsai Mei-Chen, CPA

Securities and Futures Bureau Approval  
No.:

Tai-Cai-Zheng-6-Zi-0920123784

Financial Supervisory Commission  
Approval No.:

Jin-Guan-Zheng-Shen-Zi-1010028123

Mar. 14, 2023

## Integrated Service Technology Inc. and Subsidiaries

## Consolidated Balance Sheets

Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Assets	Dec. 31, 2022		Dec. 31, 2021		Liabilities and Equity	Dec. 31, 2022		Dec. 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets					Current liabilities				
Cash and cash equivalents (Notes 4 and 6)	\$ 875,347	12	\$ 844,879	12	Current borrowings (Notes 4 and 17)	\$ 648,500	9	\$ 656,432	9
Current financial assets at fair value through profit or loss (Notes 4 and 7)	523	-	-	-	Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	10	-
Current contract assets (Notes 4 and 22)	11,620	-	4,903	-	Current contract liabilities (Notes 4 and 22)	117,829	1	72,175	1
Notes and accounts receivable, net (Notes 4, 5 and 9)	1,311,491	18	1,216,017	17	Accounts payable	270,621	4	211,610	3
Finance lease receivables (Notes 4 and 10)	4,358	-	3,980	-	Accounts payable to related parties (Note 30)	692	-	6,203	-
Accounts receivable due from related parties, net (Note 30)	17,316	-	19,802	-	Payable on machinery and equipment	167,477	2	181,277	3
Other receivables	1,298	-	3,969	-	Dividends payable, non-cash assets distributions	74,775	1	35,430	1
Other receivables due from related parties (Note 30)	19,821	-	20,981	-	Current tax liabilities (Notes 4 and 24)	54,690	1	70,995	1
Prepayments and other current assets					Current lease liabilities (Notes 4 and 14)	53,276	1	82,432	1
(Notes 16 and 30)	152,335	2	105,898	2	Long-term borrowings, current portion (Notes 4, 18 and 31)	145,486	2	105,542	1
Other current financial assets (Note 31)	16,633	-	12,431	-	Other current liabilities, others (Notes 4, 19 and 30)	535,688	7	386,488	5
Total current assets	2,410,742	32	2,232,860	31	Total current liabilities	2,069,034	28	1,808,594	25
Non-current assets					Non-current liabilities				
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	27,282	1	22,172	-	Non-current portion of non-current borrowings (Notes 4, 18 and 31)	1,697,982	23	1,751,096	24
Investments accounted for using equity method (Notes 4 and 12)	756,424	10	689,319	10	Deferred tax liabilities (Notes 4 and 24)	5,056	-	3,998	-
Property, plant and equipment					Non-current lease liabilities (Notes 4 and 14)	247,886	3	331,151	5
(Notes 4, 5, 13 and 31)	3,881,876	52	3,794,212	53	Guarantee deposits received (Note 30)	2,005	-	2,005	-
Right-of-use assets (Notes 3, 4 and 14)	288,884	4	402,963	6	Total non-current liabilities	1,952,929	26	2,088,250	29
Other intangible assets (Notes 4 and 15)	14,280	-	15,030	-	Total liabilities	4,021,963	54	3,896,844	54
Deferred tax assets (Notes 4 and 24)	541	-	702	-	Equity attributed to owners of parent (Notes 4 and 21)				
Prepayments for business facilities	56	-	27,835	-	Ordinary share	747,751	10	797,751	11
Guarantee deposits paid	22,611	1	20,461	-	Capital surplus	2,143,012	29	2,266,955	31
Net defined benefit asset, non-current (Notes 4 and 20)	21,460	-	15,971	-	Retained earnings				
Total non-current assets	5,013,414	68	4,988,665	69	Legal reserve	160,486	2	175,585	3
					Special reserve	74,898	1	98,491	1
					Unappropriated retained earnings (accumulated deficit)	254,536	4	( 41,547 )	( 1 )
					Other equity, others	( 82,453 )	( 1 )	( 95,161 )	( 1 )
					Total equity attributable to owners of parent	3,298,230	45	3,202,074	44
					Non-controlling interests (Notes 21 and 27)	103,963	1	122,607	2
					Total equity	3,402,193	46	3,324,681	46
Total assets	\$7,424,156	100	\$7,221,525	100	Total liabilities and equity	\$7,424,156	100	\$7,221,525	100

The accompanying notes constitute part of the consolidated financial statements.

(Please see the audit report made by Deloitte &amp; Touche on Mar. 14, 2023)

Integrated Service Technology Inc. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars,  
except for EPS in New Taiwan Dollars

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Notes 4, 22 and 30)	\$ 3,742,682	100	\$ 3,213,788	100
Operating costs (Notes 4, 23 and 30)	<u>2,726,860</u>	<u>73</u>	<u>2,412,076</u>	<u>75</u>
Gross profit from operations	<u>1,015,822</u>	<u>27</u>	<u>801,712</u>	<u>25</u>
Operating expenses (Notes 23 and 30)				
Selling expenses	106,933	3	101,919	3
Administrative expenses	444,823	12	395,422	12
Research and development expenses	127,111	3	117,166	4
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	<u>2,072</u>	<u>-</u>	<u>( 1,327)</u>	<u>-</u>
Total operating expenses	<u>680,939</u>	<u>18</u>	<u>613,180</u>	<u>19</u>
Net operating income	<u>334,883</u>	<u>9</u>	<u>188,532</u>	<u>6</u>
Non-operating income and expenses				
Interest income (Notes 23 and 30)	2,737	-	1,575	-
Other income, others (Notes 23 and 30)	47,445	1	37,000	1
Other gains and losses, net (Notes 4 and 23)	58,428	1	( 16,518)	-
Finance costs, net (Notes 4, 23 and 29)	( 46,315)	( 1)	( 36,909)	( 1)
Share of profit (loss) of associates for using equity method, net (Notes 4 and 12)	<u>70,935</u>	<u>2</u>	<u>38,551</u>	<u>1</u>
Total non-operating income and expenses	<u>133,230</u>	<u>3</u>	<u>23,699</u>	<u>1</u>
Profit from continuing operations before tax	468,113	12	212,231	7
Total tax expense (Notes 4 and 24)	<u>81,611</u>	<u>2</u>	<u>89,062</u>	<u>3</u>
Profit	<u>386,502</u>	<u>10</u>	<u>123,169</u>	<u>4</u>

(Continued on next page)

(Brought forward from previous page)

	2022		2021	
	Amount	%	Amount	%
Other comprehensive incomes				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains on remeasurements of defined benefit plans (Notes 4 and 20)	\$ 5,377	-	\$ 2,266	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	( 5,559)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	155	-	22	-
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation (Notes 4 and 21)	10,777	1	( 3,573)	-
Share of other comprehensive income of associates for using equity method, components of other comprehensive income that will be reclassified to profit or loss (Note 4)	<u>1,931</u>	<u>-</u>	<u>705</u>	<u>-</u>
Total other comprehensive income	<u>18,240</u>	<u>1</u>	<u>( 6,139)</u>	<u>-</u>
Total comprehensive income	<u>\$ 404,742</u>	<u>11</u>	<u>\$ 117,030</u>	<u>4</u>
Profit, attributable to:				
Owners of parent	\$ 405,146	11	\$ 179,708	6
Non-controlling interests	( 18,644)	( 1)	( 56,539)	( 2)
	<u>\$ 386,502</u>	<u>10</u>	<u>\$ 123,169</u>	<u>4</u>
Comprehensive income attributable to:				
Owners of parent	\$ 423,386	11	\$ 173,569	6
Non-controlling interests	( 18,644)	-	( 56,539)	( 2)
	<u>\$ 404,742</u>	<u>11</u>	<u>\$ 117,030</u>	<u>4</u>
Earnings per share (Note 25)				
Total basic earnings per share	<u>\$ 5.33</u>		<u>\$ 2.02</u>	
Total diluted earnings per share	<u>\$ 5.30</u>		<u>\$ 2.01</u>	

The accompanying notes constitute part of the consolidated financial statements.

(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)

Integrated Service Technology Inc. and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Interests attributed to owners of IST											
	Common shares		Capital surplus	Retained earnings			Other equity		Treasury shares	Total owners' equity	Non-controlling interests	Total equity
				Legal reserve	Special reserve	Undistributed earnings ( Accumulated deficit	Gain or loss on financial asset valuation at fair value through other comprehensive income	Exchange differences on translation of financial statements of foreign operations				
	Number of shares (in thousands of shares)	Amount										
Balance at Jan. 1, 2021	93,575	\$ 935,751	\$ 2,630,865	\$ 163,770	\$ 99,815	\$ 169,523	\$ 499	( \$ 92,644 )	\$ -	\$ 3,907,579	\$ 24,148	\$ 3,931,727
Appropriation and distribution of earnings												
Legal reserve appropriated	-	-	-	11,815	-	( 11,815 )	-	-	-	-	-	-
Special reserve allocated	-	-	-	-	( 1,324 )	1,324	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	( 185,150 )	-	-	-	( 185,150 )	-	( 185,150 )
Share-based payments	-	-	9,999	-	-	-	-	-	-	9,999	-	9,999
Changes of associates accounted for using the equity method	-	-	-	-	-	-	-	351	-	351	-	351
Net profit for 2021	-	-	-	-	-	179,708	-	-	-	179,708	( 56,539 )	123,169
Other comprehensive income after tax for 2021	-	-	-	-	-	2,288	( 5,559 )	( 2,868 )	-	( 6,139 )	-	( 6,139 )
Total comprehensive income for 2021	-	-	-	-	-	181,996	( 5,559 )	( 2,868 )	-	173,569	( 56,539 )	117,030
Purchase of treasury shares	-	-	-	-	-	-	-	-	( 730,808 )	( 730,808 )	-	( 730,808 )
Retirement of treasury share	( 13,800 )	( 138,000 )	( 400,443 )	-	-	( 192,365 )	-	-	730,808	-	-	-
Changes in ownership interests in subsidiaries	-	-	26,534	-	-	-	-	-	-	26,534	( 26,534 )	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	181,532	181,532
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	( 5,060 )	5,060	-	-	-	-	-
Equity at end of period	79,775	797,751	2,266,955	175,585	98,491	( 41,547 )	-	( 95,161 )	-	3,202,074	122,607	3,324,681
Appropriation and distribution of earnings												
Legal reserve appropriated	-	-	-	23,118	-	( 23,118 )	-	-	-	-	-	-
Legal reserve used to offset accumulated deficits	-	-	-	( 38,217 )	-	38,217	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	( 23,593 )	23,593	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	( 74,775 )	-	-	-	( 74,775 )	-	( 74,775 )
Share-based payments	-	-	14,776	-	-	-	-	-	-	14,776	-	14,776
Net profit for 2022	-	-	-	-	-	405,146	-	-	-	405,146	( 18,644 )	386,502
Other comprehensive income after tax for 2022	-	-	-	-	-	5,532	-	12,708	-	18,240	-	18,240
Total comprehensive income for 2022	-	-	-	-	-	410,678	-	12,708	-	423,386	( 18,644 )	404,742
Purchase of treasury shares	-	-	-	-	-	-	-	-	( 267,945 )	( 267,945 )	-	( 267,945 )
Retirement of treasury share	( 5,000 )	( 50,000 )	( 139,433 )	-	-	( 78,512 )	-	-	267,945	-	-	-
Changes in ownership interests in subsidiaries	-	-	714	-	-	-	-	-	-	714	-	714
Equity at end of period	74,775	\$ 747,751	\$ 2,143,012	\$ 160,486	\$ 74,898	\$ 254,536	\$ -	( \$ 82,453 )	\$ -	\$ 3,298,230	\$ 103,963	\$ 3,402,193

The accompanying notes constitute part of the consolidated financial statements.  
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)



Integrated Service Technology Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021
Cash flows from operating activities		
Profit before tax	\$ 468,113	\$ 212,231
Adjustments to reconcile profit (loss)		
Depreciation expense	800,966	825,623
Amortization expense	11,121	10,969
Expected credit loss (gain)	2,072	( 1,327)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 6,659)	1,919
Interest expense	46,315	36,909
Interest income	( 2,737)	( 1,575)
Share-based payments	14,776	9,999
Share of profits of associates for using equity method	( 70,935)	( 38,551)
Gain on disposal of property, plant and equipment	( 43,904)	( 2,721)
Gain on disposal of intangible assets	( 97)	-
Gain on disposal of investments accounted for using equity method	-	( 12,880)
Unrealized foreign exchange loss	1,898	351
Other adjustments to reconcile profit (loss)	( 1,702)	( 170)
Changes in operating assets and liabilities		
Contract assets	( 6,717)	( 1,581)
Notes and accounts receivable	( 99,563)	( 142,073)
Accounts receivable due from related parties	2,365	( 4,292)
Other receivable	2,671	( 2,756)
Other receivable due from related parties	1,160	( 2,866)
Prepayments and other current assets	( 46,437)	( 3,819)
Other operating assets	( 112)	( 55)
Contract liabilities	45,654	( 13,039)
Notes and accounts payable	58,972	5,929
Accounts payable to related parties	( 5,511)	279
Adjustments for other current liabilities	148,176	22,621
Cash generated from operations	1,319,885	899,125
Interest paid	( 51,274)	( 39,798)
Income taxes paid	( 97,127)	( 41,660)
Net cash generated from operating activities	<u>1,171,484</u>	<u>817,667</u>

(Continued on next page)

(Brought forward from previous page)

	2022	2021
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 17,044
Proceeds from disposal of financial assets at fair value through profit or loss	1,016	601
Proceeds from disposal of investments accounted for using equity method	-	33,898
Proceeds from disposal of subsidiaries (Note 12)	-	109,335
Acquisition of property, plant and equipment	( 798,469)	( 560,537)
Proceeds from disposal of property, plant and equipment	56,456	30,267
Decrease in refundable deposits	( 2,150)	( 44)
Acquisition of intangible assets	( 10,376)	( 10,293)
Proceeds from disposal of intangible assets	183	-
Decrease in long-term lease and installment receivables	4,340	4,230
Increase in other financial assets	( 4,202)	68
Interest received	2,737	1,575
Dividends received	<u>6,630</u>	<u>3,050</u>
Net cash used in investing activities	( <u>743,835</u> )	( <u>370,806</u> )
Cash flows from financing activities		
Increase in short-term loans	( 8,404)	254,475
Proceeds from long-term debt	630,650	1,451,000
Repayments of long-term debt	( 643,820)	( 1,201,118)
Payments of lease liabilities	( 86,537)	( 82,884)
Cash dividends paid	( 35,430)	( 383,658)
Capital reduction payments to shareholders	( 267,945)	( 730,808)
Change in non-controlling interests (Note 27)	<u>-</u>	<u>181,532</u>
Net cash used in financing activities	( <u>411,486</u> )	( <u>511,461</u> )
Effect of exchange rate changes on cash and cash equivalents	<u>14,305</u>	( <u>3,201</u> )
Net increase (decrease) in cash and cash equivalents	30,468	( 67,801)
Cash and cash equivalents at beginning of period	<u>844,879</u>	<u>912,680</u>
Cash and cash equivalents at end of period	<u>\$ 875,347</u>	<u>\$ 844,879</u>

The accompanying notes constitute part of the consolidated financial statements.

(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)

## Attachment V: 2022 Profit and Loss Allocation Statement

Integrated Service Technology  
Profit and Loss Allocation Statement  
2022

Unit: NTD

Item	Amount	
Undistributed earnings at the beginning of the year	0	
Net profit in current period	405,145,831	
Add: Actuarial gain or loss on pension	5,531,745	
Less: Treasury stock retired	(78,511,858 )	
Less: Statutory surplus reserve drawn	(33,216,572 )	
Add: Special surplus reserve	12,707,910	
Surplus available for distribution in current period		<u>311,657,056</u>
Allocations:		
1. Cash dividends for 2022 Q3 (NTD 1.0 per share)	74,775,121	
2. Cash dividends for 2022 Q4 (NTD 0.4 per share)	74,775,121	
Total allocations		<u>149,550,242</u>
Undistributed earnings at the end of the year		<u>162,106,814</u>

Note: Cash dividends were distributed based on the resolution made by the Board of Directors and were reported at the Shareholders' Meeting.

Chairman: Yu Wei-Pin

Manager: Yu Wei-Pin

Accounting Manager: Lin Yu-Sang

## **IX. (Appendix)**

### **Attachment I: Procedural Rules of the Shareholder's Meeting**

#### **Integrated Service Technology**

#### **Procedural Rules of the Shareholder's Meeting**

- Article 1. To establish a good governance system, sound monitoring functions and a strong management mechanism for IST shareholders' meetings, these Rules are made in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- Article 2. Except as otherwise provided in laws or the articles of incorporation of IST, the procedural rules for IST shareholders' meetings shall be governed by these Rules.
- Article 3. Except as otherwise provided in laws, IST shareholders' meetings shall be convened by the board of directors.

Changes to the method of convening IST shareholders' meetings shall be adopted only by a board resolution, and such changes, if any, shall be made before the notice for holding a shareholders' meeting is sent.

IST shall send, 30 days before the general meeting of shareholders, or 15 days before a special meeting of shareholders, the notice for holding the shareholders' meeting, a power of attorney form and the subjects of all motions regarding approval, discussion or selection or dismissal of directors as well as relevant explanations electronically to Market Observation Post System. It shall also publicly announce the shareholders' meeting agenda handbook and supplementary documents for the meeting within the timeframe indicated in the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies 21 days before the general meeting of shareholders, or 15 days before a special meeting of shareholders. The shareholders' meeting agenda handbook and supplementary documents for the meeting shall be prepared 15 days before the shareholders' meeting and available for shareholders to review anytime, and shall be displayed at IST and the professional stock agency commissioned by IST.

The meeting agenda handbook and supplementary documents for the meeting mentioned in the preceding paragraph shall be provided by IST for its shareholders to review on the date of the shareholders' meeting in the following manners:

1. For a physical meeting of shareholders, they shall be distributed onsite at the shareholders' meeting.
2. For a video-assisted meeting of shareholders, they shall be distributed onsite at the shareholders' meeting and also sent electronically to the video conferencing platform.

3. For a meeting of shareholders held with video conferencing, they shall be sent electronically to the video conferencing platform.

The notice and announcement of convening a shareholders' meeting shall state the subject of the meeting, and with the consent of the person entitled to receive notice, may be sent electronically to the person giving the consent.

Election or dismissal of directors, modifications to the articles of incorporation, capital reduction, application for ceasing public offering, permission for directors to engage in competitive business, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off and the matters stated in Article 185 (1) of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, which shall be enumerate and explain in detail in the subject of the meeting, shall not be presented as extempore motions.

In case re-election of all directors and the date of their appointment have been stated in the subject of the shareholders' meeting and the re-election has been completed at the shareholders' meeting, then such date of appointment shall not be changed by means of an extempore motion or in any mother manner in the same shareholders' meeting.

A shareholder possessing more than 1% of total shares issued may present one motion at IST's general meeting of shareholders. If the shareholder presents more than one motion, the excess shall not be included in the agenda. Besides, if the motion presented by the shareholders involves any situation stated in Article 172-1 (4) of the Company Act, the board of directors shall not include it in the agenda.

Shareholders may present one proposal for the purpose of urging IST to facilitate public interests or perform social responsibilities pursuant to the procedure stated in Article 172-1 of the Company Act. If the presented motions are more than one, the excess shall not be included in the agenda.

IST shall publicly announce, prior to the date when share transfer is suspended before the general meeting of shareholders, that it starts accepting proposals in writing or electronically and the place and the period for shareholders to submit proposals. The period for accepting proposals shall not be less than 10 days.

A proposal submitted by a shareholder shall be no more than 300 words. If a proposal is more than 300 words, it will not be included as a motion in the agenda. The shareholder presenting a motion shall attend the general meeting of shareholders personally or by proxy, and participate in discussion for the motion.

IST shall inform the proposing shareholder of the result of its processing the proposal before the notice of convening the shareholders' meeting, and shall list all motions meeting the requirements of this article in the notice of meeting. For a proposal submitted

by a shareholder and not included as a motion in the agenda, the board of directors shall explain the reason of exclusion at the shareholders' meeting.

Article 4. A shareholder may present the power of attorney printed by IST and specifying the scope of authorization and the authorized agent to attend a shareholders' meeting on behalf of another shareholder.

One shareholder shall only issue one power of attorney and authorize one person only, and the power of attorney shall be delivered to IST 5 days prior to the shareholders' meeting. In case more than one power of attorney is delivered by a shareholder, the power of attorney arriving first at IST shall prevail, providing that no declaration has been made by the shareholder to revoke the same.

If the shareholder intends to attend the shareholders' meeting in person or exercise voting rights in writing or electronically after the power of attorney is delivered to IST, the shareholder shall inform IST in writing of revoking the effective power of attorney 2 days before the meeting. In case of failure to revoke by the deadline, the vote casted by the authorized agent shall prevail.

If the shareholder intends to attend the shareholders' meeting with video conferencing after the power of attorney is delivered to IST, the shareholder shall inform IST in writing of revoking the effective power of attorney 2 days before the meeting. In case of failure to revoke by the deadline, the vote casted by the authorized agent shall prevail.

Article 5. Principle of Determining the Place and Time of a Shareholders' Meeting

The place where a shareholders' meeting is held shall be the premises of IST or any place convenient for shareholders and suitable for a shareholders' meeting to be held. A shareholders' meeting shall not commence before 9:00 am or after 3:00 pm. For the place and time of the meeting, opinions of independent directors shall be fully taken into account.

For a shareholders' meeting held with video conferencing, the limitations of the place stated in the preceding paragraph are not applicable.

Article 6. Preparation of Attendance Book and Other Materials

IST shall indicate in the notice of meeting the time and place for shareholders, solicitors and authorized agents (hereinafter collectively referred to as Shareholders) to register and other matters to be known.

Such time for Shareholders to register as stated in the preceding paragraph shall be 30 minutes prior to the commencement of the meeting. The place of registration shall be clearly indicated by a sign and equipped with adequate personnel for assisting with registration of shareholders. For a meeting held with video conferencing, the video conferencing platform shall accept registration 30 minutes prior to the commencement of the shareholders' meeting. Shareholders completing registration shall be deemed to have attended the meeting in person.

A Shareholder shall take the attendance card, sign-up card or any other attendance document with him/her to attend the shareholders' meeting. IST shall not require shareholders to provide with any other proof rather than the certifying documents above for attending the meeting. Proxy solicitors shall also take ID certificates with them for the identity check.

IST shall have an attendance book available for Shareholders to sign. Alternatively, Shareholders may submit a sign-in card instead of signing in the attendance book.

IST shall give to each of the Shareholders attending the shareholders' meeting the agenda book, annual report, attendance card, speaker's slip, vote ticket and other materials for the meeting, and in case of election of directors, the election vote ballot.

When a government or a corporation is a Shareholder, its representatives attending a shareholders' meeting shall not be limited to only one person. When a corporation is delegated to attend a shareholders' meeting, it shall only designate one person to attend on its behalf.

For a shareholders' meeting to be held with video conferencing, the Shareholders who intend to attend with video conferencing shall be register with IST 2 days before the shareholders' meeting.

For a shareholders' meeting held with video conferencing, IST shall upload the agenda book, annual report and other relevant materials to the video conferencing platform at least 30 minutes before the commencement of the meeting and maintain such disclosure until the end of the meeting.

#### Article 6.1 Matters Required to be Specified in the Notice of Meeting When Convening A Shareholders' Meeting with Video Conferencing

When convening a shareholders' meeting with video conferencing, IST shall specify in the notice of meeting the following:

1. Methods for shareholders to participate in the meeting and exercise their rights;
2. Measures taken in case of any disruption occurring in the video conferencing platform or the participation in the video conference because of any act of God, incident or force majeure, including but not limited to the following situations:
  - (1) The aforementioned disruption continues and cannot be removed, so the time or date of the meeting or the adjourned meeting must be postponed.
  - (2) The Shareholders not registering their participation in the original meeting held with video conferencing shall not participate in the postponed or continued meeting.
  - (3) For a video-assisted shareholders' meeting, in case the video assisted devices fail to work, the shareholders' meeting shall continue if the total shares of the Shareholders present less the shares of the Shareholders participating through video assisted devices reaches the legal quorum required for the meeting. The

shares of the Shareholders participating through video assisted devices shall be included in the total shares of the Shareholders present at the shareholders' meeting. The Shareholders participating through video assisted devices shall be deemed to waive their rights in respect of all motions at the shareholders' meeting.

(4) In case the results of all motions have been announced, but extempore motions have not been carried out.

3. For Shareholders who have difficulty in participating in the shareholders' meeting held with video conferencing, proper alternative measures shall be provided.

#### Article 7. Chairperson and Staff in Attendance

When a shareholders' meeting is convened by the board of director, Chairman shall preside at the meeting. If Chairman is absent or unable to perform his duties, Vice Chairman shall be act on his behalf. In case there is no Vice Chairman or Vice Chairman is absent or unable to perform his duties, a managing director shall be designated by Chairman to act on his behalf. In case there is no managing director, a director shall be designated to act on his behalf. If no person is designated by Chairman for the aforementioned purpose, managing directors or directors shall elect one person among them to act as the chairperson of the meeting.

Such managing director or director elected to be the chairperson of the meeting as mentioned in the preceding paragraph is required to has served for over 6 months and understand the financial status of IST. In case a representative of a corporation director acts as the chairperson, the above sentence is also applicable.

Chairman is required to preside at the shareholders' meeting convened by the board of director. At the board meeting, a majority of board members and at least one supervisor shall be present in person, and at least one member of each functional committee shall be present for the committee. Attendance shall be recorded in the minutes of the meeting.

If a board meeting is convened by a convenor rather than the board of directors, the chairperson of the meeting shall be the convenor. In case of more than 2 convenors, one of them shall be elected to act as the chairperson.

IST may designate the lawyers, CPAs or relevant person commissioned by IST to attend a shareholders' meeting.

#### Article 8. Making Audio and Video Recordings of the Process of an Shareholders' Meeting

IST shall make audio and video recordings of the process of acceptance of Shareholders' registration, process of the meeting and process of voting and counting votes continuously.

The audio and video recordings in the preceding paragraph shall be retained for at least one year. However, for a lawsuit brought by a Shareholder in accordance with Article 189 of the Company Act, such recordings shall be retained until the end of the lawsuit.



For a shareholders' meeting held with video conferencing, IST shall keep the records of Shareholders' enrollment, registration, report, enquiry and voting as well as the result of counting votes and shall make audio and video recordings of the whole process of the video conferencing continuously.

The records and audio and video recordings in the preceding paragraph shall be kept properly by IST. The audio and video recordings shall be delivered to the person designated to handle video conference related matters, who shall keep such recordings properly.

For a shareholders' meeting held with video conferencing, IST shall make audio and video recordings from the back-end operational interface of the video conferencing platform.

Article 9. Attendance in a shareholders' meeting shall be calculated based on shares. The number of shares of attending Shareholders shall be calculated based on the shares reported from the attendance book, sign-in cards and video conferencing platform, plus the shares based on which voting rights are exercise in writing or electronically.

The chairperson of the meeting shall call the meeting to order at the time of commencement of the meeting and also announce the number of non-voting shares and the number of shares of attending Shareholders.

However, when the shares of attending Shareholders are less than a majority of the total shares issued, the chairperson may announce postponement. The meeting shall not be postponed more than twice and the total time of postponement shall not be more than one hour. If the shares of attending Shareholders are still less than one third of the total shares issued even though the meeting is postponed twice, then the chairperson shall announce that the meeting fails to be convened for lack of a quorum. In case of a shareholders' meeting held with video conferencing, IST shall also announce such failure on the video conferencing platform.

In case after the meeting is postponed twice, the quorum is still not reached but the shares of attending Shareholders are already more than one third of the total shares issued, a tentative resolution may be made in accordance with Article 175 of the Company Act. The shareholders' meeting shall be convened again within a month after each Shareholder is informed of the tentative resolution. For a shareholders' meeting held with video conferencing, Shareholders who intends to attend by video conferencing shall register with IST again in accordance with Article 6 herein.

If before the end of the meeting, the shares of attending Shareholders are more than a majority of the total shares issued, then the chairperson shall present the aforementioned tentative resolution to the shareholders' meeting for its resolution in accordance with Article 174 of the Company Act.

Article 10. If a shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors and relevant motions (including extempore motions

and amendments to original extempore motions) shall be voted case by case. The meeting shall proceed pursuant to the arranged agenda, which shall not be changed without a resolution made at the shareholders' meeting.

If a shareholders' meeting is convened by a convenor rather than the board of directors, the provisions of the preceding paragraph shall prevail.

Before the end of the arranged agenda (including extempore motions) mentioned in the preceding 2 paragraphs, the chairperson shall not announce adjournment without a resolution. If the chairperson violates the procedural rules for shareholders' meetings by announcing adjournment, other board members shall promptly assist the attending Shareholders in electing, with the consent of a majority of the votes casted by attending Shareholders, one person as the chairperson pursuant to legal procedures in order to continue the meeting.

The chairperson shall give opportunities for Shareholders to fully explain and discuss all motions and any amendments or extempore motions presented by Shareholders. When the chairperson believes a motion or an amendment or extempore motion is discussed fully enough to be voted, the chairperson shall announce the cease of discussion and bring the proposal to vote, and shall arrange for adequate time of voting.

#### Article 11. Statements Made by Shareholders at Shareholders' Meetings

Before making a statement at the meeting, an attending Shareholder must complete a speaker's slip by specifying the subject of speech, shareholder's account number (or attendance card number) and account name. The chairperson shall arrange for the order of the speech.

If the Shareholder only submits the speaker's slip but does not make a statement, the Shareholder shall be deemed to have not made a statement. When the content of the speech is not consistent with that of the speaker's slip, the content of the speech shall prevail.

Without the consent of the chairperson, each Shareholder shall not make a statement for the same motion more than twice and each statement shall not be more than 5 minutes. However, if a Shareholder makes a statement in violation of rules or beyond the scope of the motion, the chairperson shall stop the Shareholder's speaking.

When an attending Shareholder makes a statement, other Shareholders shall not interfere by breaking into the statement without the consent of both the chairperson and the speaking Shareholder. Violations shall be stopped by the chairperson.

When a corporation shareholder appoints more than 2 persons to attend a shareholders' meeting on its behalf, they shall elect one person from themselves to make a statement for the same motion. After an attending Shareholder makes a statement, the chairperson shall respond in person or designate a relevant person to respond.

For a shareholders' meeting held with video conferencing, the Shareholders participating through video conferencing may ask questions in writing on the video conferencing platform after the meeting called by the chairperson to order and until the adjournment announced by the chairperson. No more than 2 questions shall be asked for the same motion, and each question shall be limited to 200 words. The provisions from the first paragraph to the fifth paragraph shall not be applicable.

The questions mentioned in the preceding paragraph shall be disclosed on the video conferencing platform, provided that the questions do not violate rules or go beyond the scope of the concerned motions.

**Article 12. Counting Shares with Voting Rights, and Evasion System**

Voting at a shareholders' meeting shall be calculated based on shares with voting rights.

For a resolution made at a shareholders' meeting, the shares of the Shareholders without voting rights shall not be counted into the total shares issued.

For any matter to be resolved at the meeting, a Shareholder shall not vote and shall not exercise voting rights on behalf of another Shareholder when the Shareholder has a conflict of interest with IST that may impair IST's interests with respect of the matter.

The shares of such Shareholder not allowed to exercise voting rights as mentioned in the preceding paragraph shall not be counted into the shares of the attending Shareholders with voting rights.

When a Shareholder is authorized by proxy by more than 2 Shareholders to vote, the voting rights exercised by the authorized Shareholder on their behalf shall not more than 3% of the voting rights of the total shares issued, except when the authorized Shareholder is a trust enterprise or one of the stock agencies approved by the competent authority in charge of securities. No excess of the allowed voting rights shall be counted.

**Article 13. A Shareholder shall one vote for each share he or she holds, except for such shares with no voting rights as stated in Article 179 (2) of the Company Act.**

For a shareholders' meeting convened by IST, Shareholders shall be allowed to exercise voting rights either electronically or in writing. For Shareholders to exercise voting rights in writing or electronically, the methods of exercising voting rights shall be specified in the notice of convening the shareholders' meeting. The Shareholders exercising voting rights in writing or electronically shall be deemed to have attended the meeting in person. However, they shall be deemed to have waived their rights with respect to extempore motions and any amendments to original extempore motions at the shareholders' meeting, so IST is recommended not to propose extempore motions and amendments to original extempore motions.

When a Shareholder intends to exercise the voting right in writing or electronically pursuant to the preceding paragraph, the notice of such intention shall be sent to IST 2 days before the date of the shareholders' meeting. If multiple notices of intention are sent,

the notice arrives at IST first shall prevail, providing that no declaration has been made by the Shareholder to revoke the same.

If a Shareholder intends to be present at the shareholders' meeting in person or by video conferencing after exercising the voting right in writing or electronically, the Shareholder shall revoke, 2 days before the date of the meeting and in the same manner as required to exercise the voting right, his/her intention of exercising the voting right above. In case of failure to revoke by the deadline, the vote casted in writing or electronically shall prevail. If a Shareholder exercises the voting right in writing or electronically and issues a power of attorney to authorize an agent to attend the shareholders' meeting on his/her behalf, the vote casted by the agent at the meeting shall prevail.

Except as otherwise provided in the Company Act or the Articles of Incorporation, a resolution shall be adopted only with a majority of approval votes casted by the attending Shareholders.

For voting, the chairperson or the person designated by the chairperson publically announces the total number of the attending Shareholders' voting rights and the Shareholders cast their votes case by case. On the date of meeting after the shareholders' meeting is held, the chairperson or the designated person shall input the results of Shareholders' consent, objection and waive to the Market Observation Post System.

In case a motion has any amendment or alternative proposals to be resolved, the chairperson shall combine the proposals with the motion and determine the order of voting on the proposals. If one of the proposals is passed, the other proposals shall be deemed to have been denied and shall not be presented for voting.

Persons scrutinizing balloting and counting ballots are designated by the chairperson; however, scrutineers shall be Shareholders.

Votes casted for a proposal or an election at the shareholders' meeting shall be counted onsite publically. After the completion of counting votes, the result of voting, including the number of votes for the proposal or election, shall be announced immediately and record in writing.

For a shareholders' meeting convened with video conferencing by IST, Shareholders participating through video conferencing shall cast votes about each motion or election on the video conferencing platform after the meeting is called by the chairperson to order. If a Shareholder fail to do so before the chairperson announces the end of voting, the Shareholder shall be deemed to have waived his/her right.

For a shareholders' meeting held with video conferencing, votes shall be counted one time and the result of voting and election shall be announced immediately.

For a video-assisted shareholders' meeting convened by IST, if the Shareholders who have registered in accordance with Article 6 for attending the meeting held with video conferencing intend to attend the meeting in person, the Shareholder shall revoke, 2 days

before the date of the meeting, the registration in the same manner as used for registering. If the Shareholder fails to revoke, the Shareholder is only allowed to participate in the meeting with video conferencing.

If a Shareholder exercises voting rights in writing or electronically, fails to revoke his/her intention of exercising voting rights in writing or electronically, and participates in the shareholders' meeting with video conferencing, then the Shareholder shall not exercise voting rights about the original motion, propose any amendment to the original motion or exercise voting rights about any amendment to the original motion, except about extempore motions.

Article 14. When directors are elected at a shareholders' meeting, the election shall be conducted in accordance with applicable regulations of IST and the election result shall be announced onsite immediately, including the list of elected directors, the number of votes for each of elected directors and the list of the persons not been elected as directors.

Election vote ballots for the election mentioned in the preceding paragraph shall be retained, after being signed and sealed by the scrutineer, for at least one year. However, for a lawsuit brought by a Shareholder in accordance with Article 189 of the Company Act, such ballots shall be retained until the end of the lawsuit.

Article 15. Resolutions made at a shareholders' meeting shall be specified in the minutes of the meeting, which shall be signed or sealed by the chairperson and distributed to each Shareholder within 20 days after the meeting. The minutes of a shareholders' meeting may be prepared and distributed electronically.

IST may distribute the minutes of meeting mentioned in the preceding paragraph by inputting the minutes to the Market Observation Post System for public announcement.

The minutes of meeting shall contain the date and place of the meeting, the name of the chairperson, resolution methods, process of the agenda and resolution results (including the number of votes about each motion). For election of directors, the number of votes for each candidate shall be disclosed. The minutes shall be kept permanently during the existence of IST.

For a shareholders' meeting held with video conferencing, its minutes shall also specify, in addition to the matters required in the preceding paragraph, time of commencement and end of the meeting, methods of convening the meeting, names of chairperson and minutes taker, and measures taken for any act of God, incident or force majeure event preventing Shareholders from participating in the meeting on the video conferencing platform or by video conferencing.

When IST convenes a shareholders' meeting with video conferencing, IST shall specify in the minutes of meeting, among other things mentioned in the preceding paragraph, the alternative measures provided for the Shareholders having difficulty in participating in the shareholders' meeting by video conferencing.

#### Article 16. Announcement to the Public

IST shall make a statistical table indicating the number of shares acquired by solicitors, number of shares held by authorized agents and number of shares exercised in writing or electronically by Shareholders in the required format on the date of the shareholders' meeting and disclose it onsite at the meeting. For a shareholders' meeting held by means of video conferencing, IST shall upload the aforementioned data to the video conferencing platform at least 30 minutes before the commencement of the meeting and maintain such disclosure until the end of the meeting.

For a shareholders' meeting by means of video conferencing convened by IST, the total number of shares represented by attending Shareholders shall be disclosed on the video conferencing platform when the meeting is called to order.

If the total number of shares represented by attending Shareholders and the number of votes are compiled at the meeting, the compiled data shall be also disclosed in the same way.

IST shall transmit the matters resolved at the shareholders' meeting to the Market Observation Post System within a required timeframe if such matters are significant information as stated in applicable laws or the regulations of Taipei Exchange.

#### Article 17. Maintenance of the Order at the Meeting

Staff dealing with affairs of a shareholders' meeting shall wear a conference ID card or badge.

The chairperson may direct picketers or security guards to assist in maintaining the order at the meeting. A picketer or security guard who assists in maintaining the order shall wear either a badge showing the word "Picketer" or a conference ID card.

In case that a public address system is prepared at the site of the meeting, if a Shareholder speaks through any device instead of the system prepared by IST, the chairperson shall prevent the Shareholder from speaking continuously.

If a Shareholder violates the procedural rules for shareholders' meetings and fails to obey the chairperson's correction instructions, or hinders the meeting from continuing and keeps doing so in spite of being stopped, then the chairperson shall direct a picketer or security guard to make the Shareholder leave the meeting.

#### Article 18. Break and Adjourned Meeting

The chairperson may at his discretion announce a break during a meeting. In case of occurrence of a force majeure event, the chairperson may determine that the meeting shall be suspended temporarily and announce the time of an adjourned meeting based on the situation.

In case that the motions (including extempore motions) in the agenda arranged for the shareholders' meeting have not been completed, but the place of the meeting will not be

unavailable for the meeting to continue, another place for the adjourned meeting shall be decided and resolved at the shareholders' meeting.

Shareholders may resolve at the shareholders' meeting to postpone the meeting for no more than 5 days or hold the meeting again in accordance with Article 182 of the Company Act.

**Article 19. Disclosure of Information on Video Conference**

For a shareholders' meeting held by means of video conferencing, IST shall disclose on the video conferencing platform the resolution result of each motion and the election result in accordance with regulations timely after the end of voting, and shall maintain such disclosure at least for 15 minutes after the chairperson announces adjournment.

**Article 20. Location of Chairperson and Minutes Taker of the Shareholders' Meeting Held by Means of Video Conferencing**

For a shareholders' meeting held by means of video conferencing and convened by IST, the chairperson and the minutes taker shall be at the same location during the meeting. The chairperson shall announce the address of the location when calling the meeting to order.

**Article 21. Measures Taken for Telecommunication Disconnection**

For a shareholders' meeting held by means of video conferencing, IST shall have Shareholders carry out a simple connection test before the meeting and shall provide timely connection-related service before and during the meeting to assist in dealing with technical issues about communication.

For a shareholders' meeting held by means of video conferencing, the chairperson shall, when calling the meeting to order, announce that if any disruption caused by any act of God, incident or force majeure occurs in the video conferencing platform or in the participation in the video conference and lasts for at least 30 minutes, the meeting shall be postponed for no more than 5 days or held again on the date announced by the chairperson, the provisions of Article 182 of the Company Act shall not be applicable, except for the situations stated in Article 44-20 (4) of the Regulations Governing the Administration of Shareholder Services of Public Companies, where a shareholders' meeting shall not be postponed or held again.

For a shareholders' meeting postponed or held again in accordance with the second paragraph, Shareholders who have registered to participate in the original meeting through video conferencing and completed sign-in, and do not participate in the postponed or adjourned meeting, the number of shares represented by them and voting rights and election rights exercised by them shall be counted into the total number of shares, number of voting rights and number of election rights of Shareholders present at the postponed or adjourned meeting.

For the postponed or adjourned meeting in the second paragraph, the motions for which the votes are cast and counted and the list of elected directors and the result are announced shall not be discussed or resolved again.

For a video-assisted shareholders' meeting convened by IST, in case such failure to continue video conferencing as stated in the second paragraph occurs, the shareholders' meeting shall continue if the total number of shares represented at the shareholders' meeting, after deduction of the number of shares represented through attendance by video conferencing, still reaches the legal quorum for the shareholders' meeting. In the situation, the meeting shall not be postponed or held again in accordance with the second paragraph. When a shareholders' meeting continues in any of the situations stated in the preceding paragraph, the number of shares represented by the Shareholders attending the shareholders' meeting through video conferencing shall be counted into the total number of shares represented by the shareholders present at the meeting; however, such Shareholders shall be deemed to have waived their voting rights on all motions at that meeting.

Preparatory work for such meetings postponed or held again by IST in accordance with the second paragraph shall be done subject to the date of the original meeting and in accordance with Article 44-20 (7) of the Regulations Governing the Administration of Shareholder Services of Public Companies.

With respect to the timeframes specified in the latter part of Article 12 and Article 13 (3) of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and Articles 44-5 (2), 44-15 and 44-17 (1) of the Regulations Governing the Administration of Shareholder Services of Public Companies, IST shall deal with the matters relevant to the meeting postponed or held again in accordance with the second paragraph based on the date of the postponed or adjourned meeting.

Article 22. Measures Taken for Digital Divide

For Shareholders who have difficulty in participating in the shareholders' meeting held with video conferencing by IST, proper alternative measures shall be provided.

Article 23. These Rules and any amendments hereto shall be implemented after being adopted at the shareholders' meeting.

Article 24. These Rules were established on June 14, 2022.



## **Appendix II: Articles of Incorporation (Before revision)**

# **Integrated Service Technology**

## **Articles of Incorporation**

### **Chapter 1 General**

Article 1. The company, incorporated in accordance with the Company Act, is named “Integrated Service Technology Inc.” (“IST”).

Article 2. Business items of IST are as follows:

1. F113050 Wholesale of computers and clerical machinery equipment
2. I501010 Product designing
3. CC010180 Electronics components manufacturing
4. F119010 Wholesale of electronic materials
5. F219010 Retail sale of electronic materials
6. EZ09010 Electrostatic protection and cancellation engineering
7. I103060 Management consulting services
8. I301010 Information software services
9. I301020 Data processing services
10. IF02010 Power consuming equipment inspecting and maintenance
11. IZ07010 Notarization
12. IZ09010 Management system certification
13. IZ99990 Other industrial and commercial services
14. J101050 Environmental testing services
15. J101990 Other environmental sanitation and pollution prevention services
16. I301030 Electronic information supply services
17. IF04010 Non-destructing testing
18. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

Article 2-1. IST may authorize the board of directors to make any investment for the need of its business, and the total investments are not restricted by Article 13 of the Company Act to the 40% of the paid-in capital.

Article 2-2. IST may act as a guarantor for any entity based on a resolution made by the board of directors for the need of its business.

Article 3. The headquarters of IST is established in Hsinchu City, Taiwan. IST may set up branches domestically or overseas, if necessary, after resolutions to be made board of directors and approvals of the competent authority.

Article 4. (Deleted)

## **Chapter 2 Shares**

Article 5. The capital of IST is NT\$2 billion to be divided into 200 million shares with each share valued at NT\$100. The shares shall be issued separately.

7 million shares are retained for employees when they exercise their stock options.

Article 5-1. Issuance of the employees' stock options of which the option price is less than the closing price of IST common shares on the date of issuance shall be approved only at the shareholders' meeting with the consent of more than two thirds of votes exercised by the shareholders present who represent a majority of all issued shares.

IST may assign shares to employees at a price lower than the average redemption price. However, before the assignment of the shares, the proposed assignment shall be approved at the latest shareholders' meeting with the consent of more than two thirds of votes exercised by the shareholders present who represent a majority of all issued shares.

Article 5-2. Persons to whom the treasury shares purchased by IST are assigned in accordance with the Company Act shall include the employees of the controlled or affiliated companies who have satisfied certain conditions.

Persons to whom employee's stock options are issued shall include the employees of the controlled or affiliated companies who have satisfied certain conditions.

Employees who are allowed to subscribe new shares issued by IST shall include the employees of the controlled or affiliated companies who have satisfied certain conditions.

Persons to whom IST issues restricted stock rewards shall include the employees of the controlled or affiliated companies who have satisfied certain conditions.

Article 6. IST share certificates are registered and shall be affixed with the signatures or personal seals of the directors representing IST. Share certificates shall be issued only after being duly certified by the competent authority or a certifying institution appointed by the competent authority. For the total number of shares issued, a share certificate may be

printed or no share certificate shall be printed at all. However, when no share certificate shall be printed, shares shall be registered with the securities depository institution.

Article 7. Shares shall not be transferred within 60 days prior to a general meeting of shareholders, or within 15 days prior to a special meeting of shareholders, or within 5 days prior to the record date fixed by IST for distribution of dividends or bonuses. The aforementioned period shall start from the date of meeting or the date of record.

### **Chapter 3 Shareholders' Meeting**

Article 8. There are two kinds of shareholders' meetings. The general meeting of shareholders shall be held once a year, which shall be convened within 6 months after the end of each fiscal year. Each shareholder shall be informed of the convened meeting 30 days before the date of meeting. A special meeting shall be convened, if necessary, in accordance with applicable laws, and each shareholder shall be informed 15 days before the date of meeting.

The notice mentioned in the preceding paragraph shall specify the date and place of the meeting and the reason of convening the meeting.

A shareholders' meeting shall proceed pursuant to IST's Procedural Rules of the Shareholder's Meeting.

Article 9. A shareholder who is unable to attend a shareholders' meeting may authorize an agent to attend on his/her behalf by executing a power of attorney printed by IST and specifying the scope of power authorized to the agent. The shareholder shall comply with Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies issued by the competent authority when authorizing an agent to attend the shareholders' meeting on his/her behalf.

Article 9-1. Meetings of the Shareholders' Meeting of the Company may be convened in form of video conference, or other methods announced by the Ministry of Economic Affairs.

Article 10. Each shareholder of IST has one vote for each share he/she holds, except when the shareholder shall not have any voting right as stated in Article 179 of the Company Act.

Article 11. Except as otherwise provided in the Company Act, a resolution made at the shareholders' meeting shall be adopted by a majority of voting rights exercised by the shareholders attending the meeting, and the attending shareholders shall represent a majority of total shares issued.

Article 11-1. Resolutions made by shareholders shall be specified in the minutes of the meeting, which shall be signed or sealed by the chairperson and distributed to each shareholder within 20

days after the meeting. The minutes of a shareholders' meeting may be prepared and distributed electronically. IST may distribute the minutes of meeting by means of public announcement. The minutes of meeting shall contain the date and place of the meeting, the name of the chairperson, resolution methods, process of the agenda and resolution results, and shall be kept permanently during the existence of IST. The attendance book for shareholders to sign in and each power of attorney issued by a shareholder to authorize an agent to attend the meeting on his/her behalf shall be retained for at least a year. However, for a lawsuit brought by a shareholder in accordance with Article 189 of the Company Act, such documents shall be retained until the end of the lawsuit.

## **Chapter 4 Director**

Article 12. IST shall have 7 to 13 directors. For election of directors, the candidate nomination system is adopted. Directors shall be elected from the candidates in the list of director candidates. Elected directors shall hold office for 3 years and are eligible for re-election. To comply with Articles 14 (2) and 183 of the Securities and Exchange Act and Article 192-1 of the Company Act, IST shall have no less than 3 independent directors, and the number of independent directors shall not be less than one fifth of the total number of directors. For professional quality, shareholding, limitation on concurrent service for another entity, election method and other matters with respect to independent directors shall be dealt with pursuant to applicable regulations provided by the competent authority in charge of securities.

Article 12-1. If the number of director vacancies reaches than one third of the total number of directors, the board of directors shall convene a special meeting of shareholders within 60 days for election of directors to fill the vacancies. The elected directors shall serve out the remaining period of the original term of service of former directors.

Article 12-2. Notice of convening an IST board meeting shall be sent to each director 7 days before the date of meeting. In case of any emergency, IST may convene a board meeting anytime. An IST board meeting of IST shall be convened in writing, via Email or by fax.

Article 12-3. IST has set up the audit committee, which comprises all independent directors, in accordance with Article 14-4 of the Securities and Exchange Act. Duties of the audit committee and its members and relevant matters shall be exercised and carried out in accordance with the Securities and Exchange Act and applicable laws.

Article 12-4. IST has acquired liability insurance for directors and key employees to the extent of their performance of duties during their employment. The board of directors is authorized to

determine insurance amount, insurance coverage, insurance rate and other matters relating to acquisition of insurance at the board meeting.

Article 13. Directors organize the board of directors. Chairman and Vice Chairman shall be elected among directors with the consent of a majority of the directors present at the board meeting where more than two thirds of all directors shall be present. Chairman shall represent IST externally.

Article 14. Except as otherwise provided in the Company Act, a resolution shall be adopted with the consent of a majority of the directors present at the board meeting where more than two thirds of all directors shall be present. If Chairman is absent or unable to perform his duties, Vice Chairman shall be act on his behalf. In case Vice Chairman is absent or unable to perform his duties, a director shall be designated by Chairman to act on his behalf. If no person is designated by Chairman for the aforementioned purpose, directors shall elect one person among themselves to act on behalf of Chairman. If a director is unable to attend the board meeting, the director may issue a power of attorney, which shall specify the scope of authorization, to authorize another director to attend the board meeting for him/her; however, a director is allowed to act as an agent for one person only. If a board meeting is held with video conferencing, the directors participating in the meeting with video conferencing shall be deemed to have been present at the meeting in person.

Article 15. Remunerations to Chairman and directors shall be determined based on their participation in and contribution to IST's business after taking into account the level of remuneration in the industry.

## **Chapter 5 Manager**

Article 16. IST shall have General Manager, whose appointment, discharge and remuneration shall be dealt with according to Article 29 of the Company Act.

## **Chapter 6 Accounting**

Article 17. Article 17: The board of directors shall prepare all statements required by Article 228 of the Company Act and submit them to the audit committee at the end of every fiscal year. Such statements, after being audited by the audit committee, shall be submitted to the shareholders' meeting for approval.

Article 18. If IST has any profit (which means the pretax profit before the deduction of allocated employees' remuneration and directors' remuneration) for a fiscal year, it shall appropriate no less than 0.1% for the employees' remuneration and no more than 3% for

directors' remuneration. However, if IST has any accumulated loss (including adjusted amount of undistributed earnings), an amount equal to the accumulated loss shall be set aside from the profit and be reserved for making good of the loss.

The employees' remuneration mentioned in the preceding paragraph may be distributed in the form of stock or cash. The employees to whom such remuneration is distributed shall include the employees of the companies controlled or associated to IST who have met specific conditions. The directors' remuneration shall only be distributed in the form of cash.

The matters referred to in the preceding two paragraphs shall be resolved by the board of directors before being implemented, and shall also be reported at the shareholders' meeting.

Article 18-1. IST shall distribute earnings or make good of losses at the end of each quarter. In case earnings are distributed in cash, the distribution of earnings shall be resolved by the board of directors in accordance with Articles 228-1 and 240 of the Company Act and reported at the shareholders' meeting, with no need to be submitted to the shareholders' meeting for approval.

When distributing earnings, IST shall make good of accumulated loss (including the adjusted amount of undistributed earnings) first, and allocate 10% of the earnings to be legal reserve. However, when the accumulated amount of legal reserve reaches the paid-in capital of IST, this clause shall not apply. Then an amount of special reserve shall be allocated or reversed in accordance with applicable laws or the regulations provided by the competent authority. The rest of the earnings shall be combined with the undistributed earnings of the beginning of the fiscal year (including the adjusted amount of undistributed earnings), and a portion of earnings shall be retained by the board of directors based on the need of business operation. Then the board of directors shall prepare the proposal for distribution of earnings and resolve to distribute dividends and bonuses to shareholders.

In consideration of the need for funds in the future and the long-term financial plan, and for satisfying shareholders' demand for cash inflow, IST shall, after taking the market environment and its growth stage into account, distribute cash dividends to shareholders after the aforementioned items have been deducted from distributed earnings. For distribution of shareholders' dividends, cash dividends shall be 10%~100% of the total dividends, and stock dividends shall be 0%~90% of the total dividends.

In case of no earnings to be distributed by IST for the current year, or if the amount of earnings is much less than the earnings distributed actually by IST for the previous year, or if the whole or part of reserve shall be allocated, due to IST's financial, business and operational factors, in compliance with applicable laws or the regulations provided by the competent authority, then any allocation in cash shall be determined by the board of directors based on the resolution made at the board meeting in accordance with Article 241 of the Company Act. Such allocation shall be reported at the shareholders' meeting, with no need to be submitted to the shareholders' meeting for approval.

Article 19. Matters not provided for in the Articles of Incorporation shall be dealt with in accordance with the Company Act and applicable laws.

Article 20. These Articles of Incorporation were established on Sep. 6, 1994.

The 1<sup>st</sup> amendment was made on Sep. 26, 1995.

The 2nd amendment was made on Dec. 24, 1995.

The 3rd amendment was made on Nov. 21, 2000.

The 4th amendment was made on June 26, 2001.

The 5th amendment was made on Sep. 1, 2001.

The 6th amendment was made on Oct. 21, 2001.

The 7th amendment was made on May 16, 2002.

The 8th amendment was made on Apr. 21, 2003.

The 9th amendment was made on Dec. 30, 2003.

The 10th amendment was made on June 8, 2004.

The 11th amendment was made on June 16, 2005.

The 12th amendment was made on June 23, 2006.

The 13th amendment was made on June 23, 2006.

The 14th amendment was made on June 15, 2007.

The 15th amendment was made on June 19, 2008.

The 16th amendment was made on June. 16, 2009.

The 17th amendment was made on June 29, 2010.

The 18th amendment was made on June 28, 2011.

The 19th amendment was made on June 22, 2012.

The 20th amendment was made on June 13, 2013.

The 21st amendment was made on June 11, 2014.

The 22nd amendment was made on June 14, 2016.

The 23rd amendment was made on June 13, 2018.

The 24th amendment was made on June 13, 2019.

The 25th amendment was made on June 12, 2020.

The 26th amendment was made on Dec. 2, 2020.

The 27th amendment was made on Jun. 14, 2022.

Integrated Service Technology

Chairman: Yu Wei-Pin



## Appendix III: Number of Shares Held and Minimum Number of Shares Required to be Held by Total Shareholders

### Integrated Service Technology

#### Shareholdings of Directors

Transfer closure date: Apr. 16, 2023

Unit: Shares; %

Title	Name	Date of election	Term of office	Shares held upon election		Shares held by the holder listed in the register of shareholders on the transfer closure date	
				Number of shares	Rate of shareholding	Number of shares	Rate of shareholding
Chairman	Han Sheng Investment Co., Ltd. Representative: Yu Wei-Pin	2021.07.26	3 years	3,652,288	3.90	3,652,288	4.88
Vice Chairman	Hui Long Co., Ltd. Representative: Chen Ching-Chuo	2021.07.26	3 years	849,921	0.91	849,921	1.14
Director	Tu Chung-Che	2021.07.26	3 years	962,000	1.03	902,000	1.21
Director	Liu Fu-Han	2021.07.26	3 years	934,525	1.00	910,525	1.22
Director	Kai Ou Investment Co., Ltd. Representative: Chen Yang-Kuang	2021.07.26	3 years	688,753	0.74	688,753	0.92
Director	Lou Wen-Hao	2021.07.26	3 years	500,075	0.53	520,075	0.70
Independent Director	Wang Chih-Hung	2021.07.26	3 years	-	-	-	-
Independent Director	Hung Wen-Ming	2021.07.26	3 years	-	-	-	-
Independent Director	Lo Yung-Chien	2021.07.26	3 years	-	-	-	-
Independent Director	Yu Chuo-Min	2021.07.26	3 years	-	-	-	-
Total				7,587,562	8.11	7,523,562	10.07

1. Type of shares: Common shares
2. Total issued shares: 74,775,121 shares
3. Legal minimum number of shares required to be held by all directors: 5,982,010 shares