

**Stock Code: 3289**

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

# **INTEGRATED SERVICE TECHNOLOGY INC.**

## **2024 Annual Shareholders' Meeting Agenda Handbook**

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

**Date: June 14, 2024**

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

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## Integrated Service Technology

### **I. 2024 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) Discussions
- (VI) Election Matters
- (VII) Other Matters
- (VIII) Extempore Motions
- (IX) Adjournment

## Integrated Service Technology

### **II. 2024 Annual Shareholders' Meeting Agenda**

Type of Meeting: Physical shareholders' meeting

Date: June 14, 2024 (Friday) 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. 2023 business report of IST
  - B. Report of the statements examined by the audit committee for the year ended 2023
  - C. Report of 2023 earning distribution
  - D. Report of 2023 distribution of remunerations to employees and directors
  - E. Report on the Director Remuneration Policy, Individual Remuneration Content, Amounts, and the Relationship with Performance Evaluation Results for the Fiscal Year 2023.
  - F. Report on the Revision of the "Ethical Corporate Management Best Practice Principles" of the Company.
  - G. Report on the Execution Status of the Company's Repurchase of Treasury Shares.
  - H. Report of private placements of common shares
- (IV) Proposed Resolutions
  - A. Statements for the year ended 2023
  - B. Proposal of 2023 Profit or Loss Allocation
- (V) Discussions
  - A. Proposal to Revise the "Rules of Procedure for Shareholders Meetings" of the Company.
  - B. Private placements of common shares for cash
  - C. Proposal regarding the Company's and Associates' Direct or Indirect Shareholding in Prosperity Power Technology Inc.
- (VI) Election Matters
  - A. Proposal for Comprehensive Election of Directors
- (VII) Other Matters
  - A. Proposal to Lift Restrictions on Competition for Newly Appointed Directors.
- (VIII) Extempore Motions
- (IX) Adjournment

### III. Reports

#### Motion 1

Subject: 2023 business report is presented for review.

Explanation: For 2023 business report, please refer to pages 16 to 20 of the Handbook (Attachment I).

#### Motion 2

Subject: The statements for the year ended 2023 which has been audited by the audit committee is presented for review.

Explanation: For the audit committee's review report, please refer to page 21 of the Handbook (Attachment II).

#### Motion 3

Subject: The report of 2023 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 2023 and corresponding dates of distribution are listed as follows:

2023	Date of approval (YYYY/MM/DD)	Date of distribution (YYYY/MM/DD)	Cash dividends per share (NTD)	Total cash dividends (NTD)
Q1	2023/04/28	2023/11/27	1.0	74,775,121
Q2	2023/08/04	2024/02/26	1.0	75,502,921
Q3	2023/11/03	2024/05/17	1.0	75,560,921
Q4	2024/03/06	Not decided yet	0.7	51,809,745
Total			3.7	277,648,708

#### Motion 4

Subject: The report of 2023 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 22,070,000, and the directors' remuneration distributed this year is NTD 8,850,000, 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.

#### Motion5

Subject: Report on the Director Remuneration Policy for the Fiscal Year 2023, Individual Compensation Details, Amounts, and their Correlation to Performance Evaluation Results.

Explanation:

1. Unless otherwise stipulated by law or the company's articles of association, the remuneration of directors in this company is governed by the provisions of the "Director and Executive Compensation Policy." The total amount of director remuneration is processed in accordance with Article 18 of the company's articles of association.
2. The performance of the entire board of directors, functional committees, and individual directors is evaluated annually in accordance with the "Evaluation Guidelines for the Performance of Board and Functional Committee." The evaluation results, along with the submission to the Compensation Committee, serve as a reference for the distribution of director remuneration, which is then presented at the board of directors for further discussion.
3. For the Director Remuneration Policy, individual compensation details, amounts, and their correlation with performance evaluation results, please refer to (Attachment III), pages 22 to 24 of this handbook.

#### Motion 6

Subject: Revision of the "Ethical Corporate Management Best Practice Principles" Report.

Explanation:

1. In order to strengthen the operational procedures of our company's "Ethical Corporate Management Best Practice Principles" and effectively enforce our integrity management policy to actively prevent dishonest behaviors, certain articles of the "Ethical Corporate Management Best Practice Principles" have been revised.
2. For a comparison between the articles before and after the revision of the "Ethical Corporate Management Best Practice Principles," please refer to (Attachment IV), page 25 to 26 of this handbook.

#### Motion 7

Subject: Report on the Repurchase Status of our Company's Treasury Shares.

Explanation: For the repurchase status of our Company's treasury shares, please refer to (Attachment V), page 27 of this handbook.

#### Motion 8

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, 2023, 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 19th meeting of IST 11th-term board of directors of March 6, 2024.

## **IV. Proposed Resolutions**

### **Motion 1**

(Proposed by Board of Directors)

Subject: The statements for the year ended 2023 is presented here for recognition.

Explanation:

1. The 2023 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 6, 2024, have been audited by Mr. Huang Yu-Feng and Ms. Chang, Ya-Yun, CPAs of Deloitte & Touche, and have also been submitted together with the business report to the audited committee for review and audit. The reviewed and audited financial statements and business report are hereby presented for recognition.
2. For 2023 Business Report, Audit Report and 2023 Separate and Consolidated Financial Statements, please refer to pages 16 to 20 (Attachment I) and pages 28 to 51 (Attachment VI) of the Handbook.

Resolution:

### **Motion 2**

(Proposed by Board of Directors)

Subject: The proposal of 2023 profit or loss allocation is presented for recognition.

Explanation:

1. The 2023 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 2023 Profit and Loss Allocation Statement, please refer to page 52 of the Handbook (Attachment VII).

Resolution:



## V. Discussions

### Motion 1

(Proposed by Board of Directors)

Subject: Proposal to Amend the "Rules of Procedure for Shareholders Meetings" of the Company for Further Discussion.

Explanation:

1. In order to align with the actual needs of the company and relevant laws & regulations, it is proposed to amend certain articles of the company's "Rules of Procedure for Shareholders Meetings."
2. For a comparison between the articles before and after the amendment of the "Rules of Procedure for Shareholders Meetings," please refer to( Attachment VIII), pages 53 to 57 of this handbook.

Resolution:

### Motion 2

(Proposed by Board of Directors)

Subject: Private placements of common shares for cash

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 10,000,000 shares, with NTD 10 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 10,000,000 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:

### Motion 3

(Proposed by Board of Directors)

Subject: Proposal Regarding the Direct or Indirect Shareholding Ratio of the Company and its Affiliated Enterprises in Prosperity Power Technology Inc.

#### Explanation:

1. Our subsidiary, Prosperity Power Technology Inc., plans to apply for listing its shares in the future. In response to this, a resolution was passed during the extraordinary general meeting of shareholders held on December 2, 2020. It was resolved that "The Company and its controlled or affiliated companies may proceed separately with the divestment of shares in Prosperity Power Technology Inc. and waive participation in the company's cash capital increase plan. After the completion of the share divestment and waiver of cash capital increase subscription, the Company and its affiliated enterprises shall continue to hold a comprehensive direct or indirect shareholding ratio in Prosperity Power Technology Inc., upon its listing, of not less than 50%." However, considering the evolving nature of the industry and the need for specialized expertise, adjustments to the direct or indirect shareholding ratio of the Company and its affiliated enterprises in Prosperity Power Technology Inc. are deemed necessary for its future share divestment and cash capital increase process. These adjustments will be made in compliance with legal requirements and the resolutions of the 2020 extraordinary general meeting of shareholders. Any modifications will be made with careful consideration to ensure they do not compromise or adversely affect the interests of all shareholders of the company. Instead, the adjustments will be aligned with the company's overall investment strategy and future development plans to optimize the shareholding structure.
2. To sustain the momentum of IST's operational plans, the proposal aims to align with the subsidiary's operational growth, talent attraction and retention strategies, integration of internal and external resources, and the introduction of strategic or financial investors. Additionally, we seek to address matters concerning equity distribution in preparation for future share listings. The proposal ensures that our company and its controlled or affiliated entities maintain control over Prosperity Power Technology Inc. prior to its intended listing. In case there are one-time or staggered cash capital increases involving the issuance of new shares before the planned listing, our company and its affiliated entities may opt to waive subscription to some or all of the shares. Furthermore, we may divest a portion of the shares held in Prosperity Power Technology Inc. in one or more transactions.
  1. Waiver of Subscription to Cash Capital Increase:

The issuance price of the cash capital increase for the subsidiary company, Prosperity Power Technology Inc., for its planned listing, shall not be lower than the net asset value per share as verified or reviewed by the company's auditors in the latest financial statements before the board meeting for the cash capital increase. Considering its operational development and the goal of attracting and retaining professional talent to enhance operational performance, in addition to

reserving 10% to 15% of the cash capital increase shares for subscription by Prosperity Power Technology Inc. employees and allocating the remainder in accordance with Article 28-1 of the Securities and Exchange Act and related regulations for public offering and underwriting, our company and affiliated enterprises may waive the subscription to the shares of Prosperity Power Technology Inc.'s cash capital increase. Moreover, we urge Prosperity Power Technology Inc. to invite specific individuals to subscribe within the range of waived subscription shares, following the principle of offering subscription to qualified shareholders of our company, employees of our company and affiliated enterprises, and strategic or financial investors beneficial to the operational development of Prosperity Power Technology Inc. Qualified shareholders of our company refer to shareholders listed on the shareholder registry as of the most recent record date, with holdings sufficient to subscribe to one thousand or more new shares of Prosperity Power Technology Inc. upon calculation proportionally. However, matters such as the actual issuance price of the cash capital increase, negotiation with specific individuals, and operational schedule shall be subject to the decision of the Prosperity Power Technology Inc.'s board of directors.

2. Disposition of shares in subsidiary companies planned for listing:

The price at which our company and affiliated enterprises plan to dispose of shares in Prosperity Power Technology Inc., a subsidiary planned for listing, should not be lower than the net asset value per share as certified or reviewed by the accountant in the most recent financial statements prior to the resolution of the board of directors to dispose of Prosperity Power Technology Inc. However, if the shares are already traded at securities firms, the price should be determined based on the prevailing market price at that time. Considering the operational development of Prosperity Power Technology Inc., as well as attracting and retaining professional talents to enhance operational performance, the counterparty for the disposal of shares held by our company and affiliated enterprises in Prosperity Power Technology Inc. will be selected based on the principles of being qualified shareholders of our company, employees of Prosperity Power Technology Inc., employees of our company and affiliated enterprises, and strategic or financial investors beneficial to the operational development of Prosperity Power Technology Inc. Qualified shareholders of our company refer to shareholders listed in the shareholder register as of the most recent record date for subscription of Prosperity Power Technology Inc., and those holding one thousand shares or more proportionally calculated according to the number of shares held. However, matters such as actual transaction prices, negotiation with counterparties, and operational schedules will be proposed to the shareholders' meeting for authorization, and the board of directors of our company will determine based on the prevailing market conditions and the operational situation of Prosperity Power Technology Inc., as well as the asset acquisition or disposal procedures of our company at that time.

3. In the future, should Prosperity Power Technology Inc., a subsidiary planned for listing, apply for registration for over-the-counter (OTC) or stock exchange listing, our company and affiliated enterprises shall allocate shares in accordance with relevant laws and regulations as well as stock exchange listing requirements. These shares will be allocated for subscription by securities firms and for oversubscription procedures. The number and price of shares allocated shall be determined jointly by relevant laws and regulations, prevailing market conditions at the time, and the operational situation of each planned listing of the subsidiary, in consultation with underwriters.
4. Upon completion of the aforementioned share allocation and the abandonment of cash capital increase subscriptions, our company and affiliated enterprises will adjust our direct or indirect comprehensive shareholding proportion in Prosperity Power Technology Inc. when it is listed on the stock exchange or over-the-counter market. This adjustment will be made in accordance with our company's overall investment strategy and future development plans to ensure that it neither undermines nor adversely affects the rights and interests of our company's shareholders. Our objective is to optimize our shareholding in alignment with our strategic planning and without compromising the collective interests of our shareholders.
5. The aforementioned matters related to the share allocation and the abandonment of cash capital increase subscriptions for Prosperity Power Technology Inc. will be proposed for discussion at the shareholders' meeting. The shareholders' meeting will be requested to delegate the board of directors to handle these matters with full authority.

Resolution:

## **VI. Election Matters**

### **Motion 1**

(Proposed by Board of Directors)

**Subject:** Comprehensive Election of Directors

**Explanation:**

1. Since the current term of office of the directors of the Company will expire on July 25, 2024, we hereby propose to conduct a comprehensive election at the 2024 Annual General Meeting of Shareholders. According to Article 12 of the Company's Articles of Association, we propose to elect eleven directors (including five independent directors) in this election.
2. The newly elected directors shall assume office immediately upon election. The term of office shall be three years, spanning from June 14, 2024, to June 13, 2027. Re-election is permitted, and the original directors shall cease to hold office upon the assumption of office by the newly elected directors.
3. The election of directors shall be conducted through a candidate nomination system, and shareholders shall vote on the list of candidates for directors and independent directors.
4. Please refer to (Attachment IX )on pages 58 to 61 of this handbook for the list of candidates for directors and independent directors.

**Election Results:**

## **VII. Other Matters**

### **Motion 1**

(Proposed by the Board of Directors)

**Subject:** Proposal to Lift the Restrictions on Competitive Activities for Newly-Elected Directors

### **Explanation**

1. Pursuant to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. In order to facilitate the smooth expansion of the company's operations and without undermining the company's interests, it is proposed to request the shareholders' meeting to lift the restrictions on competitive activities for the directors elected at the 2024 Annual General Meeting and their representatives. Prior to the discussion of this matter at the shareholders' meeting, supplementary explanations regarding the scope and content will be provided on the spot.

### **Resolution:**



## **VIII. Extempore Motions**

## **IX. Adjournment**

## **X. Attachments**

### **Attachment I: 2023 Business Report**

Ladies and gentlemen:

With persistent inflation and rising interest rates from the previous year, along with heightened geopolitical tensions, the consumer market demand in the global semiconductor industry of 2023 has yet to fully recover. Nonetheless, with continuous adjustments in semiconductor supply chains and inventory, the overall market is gradually returning to a healthier state. Despite numerous challenges facing the semiconductor industry, most major players maintain confidence in its long-term development. They continue to invest in research and innovation, advancing technological nodes and strategically planning for long-term capacity demands to remain competitive, particularly in fields such as AI, HPC, automotive electronics, 5G, and the Internet of Things, where demand for semiconductor components continues to grow.

In such an environment, as a third-party laboratory in the electronics industry, IST's operations have been relatively less affected by the economic downturns. This is because IST's core operations mainly involve assisting customers in accelerating product development and ensuring product quality. In other words, "where there is R&D, there is a demand for verification and analysis." With a clientele exceeding tens of thousands worldwide, ranging from IC design companies at the upstream end to the internationally renowned brand manufacturers at the downstream end of the electronics industry, we serve as a steadfast support for our customers' product development and quality assurance.

Benefitting from the thriving development of AI high-end chips, the increase in gross profit margins of international chip manufacturers has driven stronger willingness for long-term order placements. Highly-reliable verification and analysis have become indispensable core requirements for AI development. As advanced processes progress, to support customers' rapid growth demands, IST's Material Analysis (MA) capacity has expanded by 50% by the end of 2023. With relentless efforts, our material analysis technology has gained recognition from customers, leading to gradually increasing overseas orders and revenue injection.

In 2023, IST achieved an annual revenue of approximately NT\$3.812 billion, a 1.84% year-on-year increase. The cumulative gross profit was approximately NT\$1.018 billion, and the after-tax earnings were approximately NT\$5.15 per share, roughly maintaining parity compared to the previous year. This is due to the upfront layout expenses for mid-to-long-term verification and analysis deployment in the second half of 2023, causing order delays. These deployments are expected to yield results gradually in 2024.

IST's primary mission is to create maximum value for customers. We are committed to becoming the "most reliable medical center for the electronics industry" by continuously improving and innovating in professional technology. We provide one-stop solutions for our customers' pain points, accelerating their product development and seizing their business opportunities. In the geopolitical landscape, IST's verification and analysis territory will further expand from Taiwan to the rest of the world, enhancing international customer service, accelerating business pace, and strengthening IST's competitive edges.

## Business Overview

IST achieved an annual consolidated operating revenue of NTD 38.12 billion in 2023, representing a slight increase of 1.84% compared with NTD 37.43 billion in 2022. The consolidated net profit before tax amounted to NTD 3.47 billion, marking a decrease of 25.78% compared to the previous year. The accumulated annual earnings per share (EPS) after tax stood at NTD 5.15, reflecting a decrease of 3.38% compared to the EPS of NTD 5.33 for the same period last year, approximately maintaining parity with the previous year. The decline is attributed to upfront layout expenses for mid-to-long-term verification and analysis deployments in the second half of 2023, leading to deferred orders. It is anticipated that the results of these deployments will gradually materialize in 2024. The summarized financial performance for the full year of 2023 based on the self-consolidated financial statements is as follows:

The consolidated operating revenue for 2023 reached NTD 3,811,719,000, with annual growth rate of 1.84%;

The gross profit for 2023 reached NTD 1,017,858,000, with annual growth rate of 0.20%;

The net operating profit for 2023 reached NTD 303,797,000, with annual growth rate of -9.28%;

The net profit after tax for 2023 reached NTD 313,814,000, with annual growth rate of -18.81%;

If calculated according to the weighted average outstanding share in 2023, the EPS of company reached NTD5.15, with annual growth rate of -3.38%.

Consolidated Operating Revenue of IST (3289) for 2023 (Unit: NTD1,000, except for EPS)			
Item	2023	2022	Annual increase (decrease)%
Operating revenue	3,811,719	3,742,682	1.84%
Gross profit	1,017,858	1,015,822	0.20%
Net operating profit	303,797	334,883	(9.28%)
Net profit before tax	347,415	468,113	(25.78%)
Net revenue (loss) after tax	313,814	386,502	(18.81%)
EPS (NTD)	5.15	5.33	(3.38%)

## Business Operation and Development

In its nearly 30 years of existence, IST has positioned itself as a medical center for the electronics industry, upholding a mission to accelerate product development for our customers and ensure their success, ultimately leading to mutual benefits and win-win outcomes for all involved. As a leader in the verification and analysis industry, we continually monitor industry trends, proactively deploy resources, and assist Taiwanese electronics industry players in advancing towards emerging fields such as AI (HPC), advanced processes, automotive electronics, IoT, 5G/6G, third-class semiconductor markets, and space electronics.

In the realm of AI (HPC) and high-speed artificial intelligence computing, the market continues to hold optimistic views on AI development, recognizing AI as a universally acknowledged "hard requirement." With the vigorous growth of various AI applications, the highly-reliable verification and analysis have become indispensable core requirements for AI development. One of the key elements of AI development, High Performance Computing (HPC), relies on advanced 3D packaging technology to achieve the goals of size reduction and performance enhancement. As complex

structures of heterogeneous materials are stacked layer by layer, challenges such as differences in thermal expansion coefficients emerge, directly impacting product reliability and lifespan. Towards the end of 2023, at the Electronics Packaging Technology Conference (EPTC) in Singapore, IST collaborated with several international giants to present two latest papers - "A Board Level Vibration Test Method for Electronic Industry Application" and "Method of Triple Thin Film RDL Layers on 2.2D Substrate," aiming to provide superior solutions. Furthermore, the booming demand for high-end chips has led to increased profitability for chip manufacturers, resulting in a surge in long-term orders. This aligns perfectly with our ongoing commitment to providing top-notch verification services, which has translated into a steady influx of orders.

As the demand for advanced process verification increases, IST has begun to see the effectiveness of its material analysis initiatives in recent years. Through steadfast efforts and validation from our clients, IST has achieved material analysis capabilities down to the 2/3-nanometer process node. We operate 24/7 to meet the rapid delivery needs of our clients.

Regarding the verification of third-class semiconductors, the surge in demand for electric power necessitates materials with characteristics such as high voltage tolerance, large current capacity, fast transmission, and efficient heat dissipation for future-generation materials. Essentially, to withstand higher voltage conditions, semiconducting materials must have a sufficiently large energy bandgap to withstand higher critical fields, thereby achieving stable, rapid, and higher power conversion and output. Currently, the most popular third-class semiconductors primarily consist of Gallium nitride (GaN) and Silicon carbide (SiC), both of which are essential materials for high-frequency communication devices and power semiconductor components. In the past, limited access and high costs restricted their application primarily to defense and aerospace industries. However, in recent years, advancements in semiconductor technology and cost reductions have led to their gradual application in industrial, automotive, and consumer electronics industries.

The application of third-class semiconductors has given rise to the emergence of global semiconductor foundries. Take Gallium nitride (GaN) for example; compared to other semiconductor materials, GaN boasts high voltage and temperature tolerance, low resistance, excellent conductivity and thermal conductivity, compact size, and low energy consumption. However, a major drawback of GaN is the significantly higher dislocation density within its single crystals compared to other semiconductor materials, leading to a greater likelihood of leakage current and subsequent functional abnormalities. IST's Transmission Electron Microscopy (TEM) dual-beam diffraction imaging technology can deeply analyze the dislocation density and types within GaN single crystals, comprehensively controlling the quality of GaN dislocations, which is crucial in assisting customers in the development of third-class semiconductors. Additionally, IST utilizes Ultraviolet Photoelectron Spectroscopy (UPS) and Low Energy Inverse Photoelectron Spectroscopy (LEIPS) to analyze the bandgap values of new materials, aiding customers in developing compounds with wider bandgaps.

In terms of automotive electronics verification analysis, the global trend towards energy conservation and carbon reduction has spurred the development of green energy vehicles, leading to a doubling in the quantity of semiconductor components used in electric vehicles (EVs) and autonomous vehicles (AVs) compared to traditional gasoline-powered vehicles. With the high-end automotive chip market rapidly expanding, market forecasts suggest that automotive electronics will be the fastest-growing domain in the global semiconductor industry until 2027. This can also be observed from the continued establishment of semiconductor fabs in Japan and Germany by major foundries, indicating that automotive electronics are driving revenue growth for semiconductor giants. IST is the first in Asia to be accredited by the Automotive Electronics Council (AEC), the highest authority in global automotive electronics, as a third-party impartial laboratory. From the perspective of frontline

automotive standard setters, we accurately grasp the content of standards. For example, with the release of the latest automotive regulations AEC-Q200 (passive components) and Q100 (IC chips) in 2023, IST is promptly aware of the revisions, assisting more customers in smoothly and quickly entering the electric vehicle field. Given the inseparable relationship between automotive components and personal safety, as long as relevant automotive chip manufacturers continue their uninterrupted research and development, the demand for subsequent reliability verification and analysis will be boosted.

In terms of signal testing, the global esports industry is currently flourishing, attracting considerable attention and investment. In line with this trend, IST received recognition from the Video Electronics Standards Association (VESA) in 2023, officially becoming an Authorized Test Center (ATC) for ClearMR certification. This designation enables us to provide clients with relevant technical discussions and testing services, ensuring that their products meet necessary technical specifications to acquire certification.

In recent years, the space economy has seen significant growth, with low Earth orbit satellite communications driving a surge in demand for corresponding semiconductor components. The trend of applying Commercial off the Shelf (COTS) solutions in space is rapidly developing, and semiconductors compliant with space regulations must possess higher levels of radiation tolerance, vibration resistance, and shock resistance. In terms of electronic component radiation testing, it involves the integration of satellite missions, radiation sources, dose calculations and measurements, as well as radiation safety protection. This complexity often poses barriers for newcomers entering the field. IST was invited to join the Taiwan Space Radiation Environment Verification and Testing Alliance (TSREVTa) by the Taiwan Space Agency (TASA) in 2020. In April 2023, following TASA's restructuring as a legal entity, a new memorandum of cooperation was signed with IST. As a member of the alliance, IST is committed to constructing a comprehensive domestic space verification platform, covering various tests such as temperature, vibration, shock, thermal vacuum, gas outgassing, and others. The number of clients and testing demands is increasing year by year. With extensive experience and a shared verification language, we facilitate domestic companies' entry into the international space industry.

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

As a leader in the verification and analysis sector of the electronic industry, IST is committed to creating maximum value for customers, employees, and shareholders. Throughout our journey, we have adhered to integrity in our operations, continuously strengthened corporate governance, and enhanced the functions of the board of directors to ensure sustainable and steady development. Guided by the core values of "people-oriented" along with the principles of "respect for human rights" and "diversity and inclusion," we regard employees as our most valuable asset. We are dedicated to creating a diverse, equal, and inclusive workplace, believing that "happy employees lead to satisfied customers." We aspire for Prosperity Power Technology Inc. to be a company that employees take pride in. Additionally, Prosperity Power Technology Inc. actively engages in philanthropy by assisting disadvantaged groups and giving back to society. We also prioritize environmental protection and energy conservation in our business operations, collaborating with suppliers who are committed to enforcing ESG (Environmental, Social, and Governance) sustainability concepts and actions. Our aim is for Prosperity Power Technology Inc. to be a responsible enterprise that satisfies customers, employees, and shareholders.

In addition to the Neihu plant located in the office building, IST's main manufacturing facilities are concentrated in Hsinchu, where industrial clusters are prominent. We continue to communicate with the local community and conduct environmental, social, and economic impact assessments.

During 2023, there were no significant environmental, social, or economic impacts on surrounding communities and neighboring plants. Over the years, we have consistently supported local welfare organizations and provided scholarships to nurture future technology talents and assist disadvantaged children in rural areas. We have also promoted reading programs in rural elementary schools to help children develop good reading habits and scientific knowledge from an early age, thereby enhancing their future competitiveness. In addition to academic improvement, IST collaborates with relevant organizations to promote emotional intelligence (EQ) education for children, aiming to enhance individuals' emotional intelligence and promote social harmony and well-being. Furthermore, we have initiated the "Palm Down" project with organizations serving individuals with physical and mental disabilities, inviting the innates to sell self-produced agricultural products to contribute to society.

To fulfill our corporate social responsibility, we continue to enhance corporate governance and environmental safety management. Through rigorous information security control mechanisms, we adhere to ISO/IEC 27001 Information Security Management System standards to secure the personal information of our clients. To fulfill our commitment to environmental sustainability, we have also obtained certifications in ISO 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management Systems (EMS). Through ISO 14001 EMS, we continuously manage resources, conserve energy, prevent pollution, and promote environmental sustainability.

### **Future Prospect**

We extend our gratitude to all shareholders for your trust and support in IST. Looking ahead, "IST 2.0" has been launched. We are not only continuing to innovate in AI High Performance Computing (HPC), electric vehicles, advanced processes, advanced packaging, space verification needs, and third-class semiconductor verification analysis platforms but also introducing new one-stop services that integrate Reliability Verification (RA), Failure Analysis (FA), and Material Analysis (MA). Our goal is to upgrade from "solving customer pain points" to "making customers' lives easier," providing faster and better overall solutions. Upholding the core values of being the "best ally in product development" and the "best guardian of product quality," IST will continue to implement corporate governance and sustainable operations to earn excellent returns for shareholders, all the while collaborating with global electronic industry customers to embrace future technology.

In the future, we will adhere to the principles of sustainable development by integrating ESG concepts into our business policies. Other than maintaining good communication with internal and external stakeholders in the three dimensions of corporate governance, social inclusion, and environmental protection, we promote ESG strategy plans and strive for the United Nations Sustainable Development Goals (SDGs) to fulfill our role as corporate citizens. We also look forward to working hand in hand with partners and stakeholders from all sectors to create a better and more sustainable future.

We sincerely thank all shareholders for your long-term support and care.

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 2023 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

2024 Annual Meeting of Shareholders of Integrated Service Technology

Audit committee convenor: Yu Chuo-Min

March 6, 2024

### **Attachment III: Director Remuneration Policy and Remuneration Scale of Individual Directors Based on the Results of Their Performance Assessment**

1. Director remuneration policy and remuneration scale of individual directors based on the results of their performance assessment:
  - (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 and Amount for Individual Directors:

December 31, 2023

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	885	885	30	30	915 0.24%	915 0.24%	21,069	21,069	0	0	0	0	0	0	21,984 5.70%	21,984 5.70%	None
Director	Liu Fu-Han	0	0	0	0	885	885	30	30	915 0.24%	915 0.24%	0	0	0	0	0	0	0	0	915 0.64%	915 0.64%	None
Director	Hui Long Co., Ltd. Representative: Chen Ching-Chuo	0	0	0	0	885	885	30	30	915 0.24%	915 0.24%	1,478	1,478	76	76	0	0	0	0	2,469 0.64%	2,469 0.64%	None
Director	Tu Chung-Che	0	0	0	0	885	885	30	30	915 0.24%	915 0.24%	0	0	0	0	0	0	0	0	915 0.24%	915 0.24%	None
Director	Kai Ou Investment Co., Ltd. Representative: Chen Yang-Kuang	0	0	0	0	885	885	30	30	915 0.24%	915 0.24%	0	0	0	0	0	0	0	0	915 0.24%	915 0.24%	None
Director	Lou Wen-Hao	0	0	0	0	885	885	24	24	909 0.24%	909 0.24%	0	0	0	0	0	0	0	0	909 0.24%	909 0.24%	None
Independent director	Wang Chih-Hung	0	0	0	0	885	885	12	12	897 0.23%	897 0.23%	0	0	0	0	0	0	0	0	897 0.23%	897 0.23%	None
Independent director	Hung Wen-Ming	0	0	0	0	885	885	30	30	915 0.24%	915 0.24%	0	0	0	0	0	0	0	0	915 0.24%	915 0.24%	None
Independent director	Lo Yung-Chien	0	0	0	0	885	885	30	30	915 0.24%	915 0.24%	0	0	0	0	0	0	0	0	915 0.24%	915 0.24%	None
Independent director	Yu Chuo-Min	0	0	0	0	885	885	30	30	915 0.24%	915 0.24%	0	0	0	0	0	0	0	0	915 0.24%	915 0.24%	None

## Attachment IV: Comparison Table of Revisions to the Ethical Corporate Management Best Practice Principles

Clause	Original Provision	Revised Provision	Differences
5.6	<p>Procedure for Handling Political Donations</p> <p>Political donations provided by the company must be reported to and approved by the Chairman before they can be made. If the amount exceeds NT\$1,000,000, it must be submitted to the Board of Directors for approval before it can be made. When providing political donations, the company should avoid engaging in commercial transactions with government-related entities, applying for permits, or handling other matters involving the company's interests.</p>	<p>The company <u>does not</u> provide <u>any</u> political donations.</p>	<p>The amendment to political donations is changed to "does not provide".</p>
5.7	<p>Procedure for Handling Charitable Donations or Sponsorships</p> <p>The company shall handle charitable donations or sponsorships in accordance with the following procedures, and report to the Chairman for approval. If the amount reaches NT\$1,000,000 or more, it shall be submitted to the Board of Directors for approval before it can be made:</p> <ol style="list-style-type: none"> <li>1. It must comply with the laws and regulations of the operating location.</li> <li>2. The recipient of charitable donations must be a charitable organization and must not be used as a disguised form of bribery.</li> <li>3. The benefits obtained from sponsorship must be clear and reasonable, and should not involve commercial transactions with the company or individuals</li> </ol>	<p>Procedure for Handling Charitable Donations or Sponsorships</p> <p>The company shall handle charitable donations or sponsorships in accordance with the following procedures, and report to the Chairman for approval. If the single donation or the <u>accumulated donation amount within one year reaches NT\$3,000,000 or more</u>, it shall be submitted to the Board of Directors for approval before it can be made:</p> <ol style="list-style-type: none"> <li>1. It must comply with the laws and regulations of the operating location.</li> <li>2. The recipient of charitable donations must be a charitable organization and must not be used as a disguised form of bribery.</li> <li>3. The benefits obtained from sponsorship must be clear and reasonable, and should not involve commercial</li> </ol>	<p>Differences: The amount to be reported to the Board of Directors for review for charitable donations or sponsorships is revised to: If the single donation or the accumulated donation amount within one year reaches NT\$3,000,000 or more, it shall be submitted to the Board of Directors for approval before it can be made.</p>

Clause	Original Provision	Revised Provision	Differences
	associated with the company's personnel.	transactions with the company or individuals associated with the company's personnel.	
5.22	The Operation Procedure and Code of Conduct The Operation Procedure and Code of Conduct was established on December 11, 2020.	The Operation Procedure and Code of Conduct The Operation Procedure and Code of Conduct was established on December 11, 2020. <u>First Revision was on March 06, 2024.</u>	The date of the first revision was added to this Operation Procedure and Code of Conduct.

## Attachment V: Repurchase Status of Treasury Shares

Repurchase Cycle	Sixth Round
Date of Board Resolution	November 3, 2023
Purpose of Repurchase	To maintain the company credibility and shareholder rights
Repurchase Period	November 10, 2023, to December 11, 2023
Planned Repurchase Quantity (Shares)	2,000,000 shares
Scheduled Repurchase Price (New Taiwan Dollars)	NT\$61 to NT\$133
Type and Quantity of Shares Repurchased (Shares)	1,562,000 shares
Amount Worth of Shares Repurchased (NTD)	NT\$139,929,614
Average Repurchase Price per Share (New Taiwan Dollars)	NT\$89.58
Number of Shares Sold or Transferred	1,562,000 shares
Cumulative Holding of Company Shares	0
Percentage of Cumulative Holding of Company Shares to Total Issued Shares (%)	0%
Reason for Incomplete Execution upon Expiry of Repurchase Period	The execution rate of this share repurchase program was 78.10%. To balance market mechanisms and safeguard the interests of all shareholders, repurchases were conducted in batches based on changes in stock prices and trading volumes, leading to incomplete execution.

## **Attachment VI: Audit Report and 2023 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, 2023 and 2022 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, 2023 and 2022 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, 2023. 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, 2023 are stated as follows:

#### Recognition of Revenue

The operating revenue of Integrated Service Technology for 2023 was NTD 3,424,332 thousand, mainly generated from service income for providing customers with product verification and analysis service. Please refer to Note 4 and 20 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 receivable 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 2023 in order to confirm whether misstatements existed for the annual operating revenue of 2023.

#### Evaluation on Impairment of Accounts Receivable

The total amount of accounts receivable by Integrated Service Technology Inc. as of Dec. 31, 2023 was NTD 1,396,134 thousand. For accounting policies and information regarding accounts receivable, please refer to Note 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, 2023 and 2022, the aforementioned investments accounted for using the equity method were NTD 678,942 thousand and NTD 631,647 thousand, respectively, which accounted for 9% of the total assets. For the year ended Dec. 31, 2023 and 2022, the comprehensive incomes of the aforementioned associates accounted for using the equity method were NTD 47,295 thousand and 57,831 thousand respectively, which accounted for 12% and 14% of the total comprehensive income.

#### 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 2023. 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-Fang, CPA

Chang Ya-Yun, CPA

Securities and Futures Bureau Approval  
No.: TAI-TSAI-CHENG-LIU-TZU No.  
0920123784

Financial Supervisory Commission Approval  
No.: CHIN-KUAN-CHENG-SHEN-TZU No.  
1110348898

Mar. 6, 2024

Integrated Service Technology Inc.  
Parent Company Only Balance Sheets  
Dec. 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	Dec. 31, 2023		Dec. 31, 2022		Code	Liabilities and Equity	Dec. 31, 2023		Dec. 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 520,940	7	\$ 426,082	6	2100	Current borrowings (Notes 4 and 15)	\$ 862,476	12	\$ 565,709	8
1110	Current financial assets at fair value through profit or loss (Notes 4 and 7)	-	-	523	-	2120	Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	236	-	-	-
1170	Notes and accounts receivable, net (Notes 4, 5 and 8)	1,380,403	19	1,239,357	18	2130	Current contract liabilities (Notes 4 and 20)	133,898	2	117,335	2
1175	Finance lease receivables (Notes 4, 9 and 27)	-	-	4,358	-	2170	Accounts payable	162,598	2	242,206	3
1180	Accounts receivable due from related parties, net (Note 27)	25,101	-	20,575	-	2180	Accounts payable to related parties (Note 27)	5,353	-	732	-
1210	Other receivables due from related parties (Note 27)	38,267	1	34,131	-	2213	Payable on machinery and equipment (Note 27)	155,416	2	167,984	2
1479	Prepayments and other current assets (Notes 14, 22 and 27)	116,915	2	112,104	2	2216	Dividends payable, non-cash assets distributions (Note 19)	151,065	2	74,775	1
1476	Other current financial assets (Note 28)	3,719	-	5,197	-	2230	Current tax liabilities (Notes 4 and 22)	-	-	54,690	1
11XX	Total current assets	<u>2,085,345</u>	<u>29</u>	<u>1,842,327</u>	<u>26</u>	2280	Current lease liabilities (Notes 4 and 12)	54,024	1	45,709	1
	Non-current assets					2322	Long-term borrowings, current portion (Notes 4, 16 and 28)	94,944	1	128,000	2
1510	Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	27,692	-	27,282	1	2399	Other current liabilities, others (Notes 4, 17 and 27)	<u>489,868</u>	<u>7</u>	<u>447,079</u>	<u>6</u>
1550	Investments accounted for using equity method (Notes 4, 10 and 31)	1,382,613	19	1,430,493	20	21XX	Total current liabilities	<u>2,109,878</u>	<u>29</u>	<u>1,844,219</u>	<u>26</u>
1600	Property, plant and equipment (Notes 4, 11, 27 and 28)	3,460,117	48	3,459,359	49		Non-current liabilities				
1755	Right-of-use assets (Notes 4 and 12)	286,272	4	258,827	4	2540	Non-current portion of non-current borrowings (Notes 4, 16 and 28)	1,643,056	23	1,675,400	24
1822	Other intangible assets (Notes 4 and 13)	5,066	-	8,009	-	2570	Deferred tax liabilities (Notes 4 and 22)	468	-	620	-
1915	Prepayments for business facilities	5,219	-	56	-	2580	Non-current lease liabilities (Notes 4 and 12)	244,847	3	228,755	3
1920	Guarantee deposits paid	16,106	-	12,643	-	2645	Guarantee deposits received (Note 27)	<u>13,232</u>	<u>-</u>	<u>13,232</u>	<u>-</u>
1975	Net defined benefit assets, Non-current (Notes 4 and 18)	19,579	-	21,460	-	25XX	Total non-current liabilities	<u>1,901,603</u>	<u>26</u>	<u>1,918,007</u>	<u>27</u>
15XX	Total non-current assets	<u>5,202,664</u>	<u>71</u>	<u>5,218,129</u>	<u>74</u>	2XXX	Total liabilities	<u>4,011,481</u>	<u>55</u>	<u>3,762,226</u>	<u>53</u>
							Equity (Notes 4 and 19)				
						3110	Ordinary share	755,409	10	747,751	11
						3140	Capital collected in advance	1,577	-	-	-
						3200	Capital surplus	2,172,448	30	2,143,012	30
							Retained earnings				
						3310	Legal reserve	204,651	3	160,486	2
						3320	Special reserve	69,941	1	74,898	1
						3350	Unappropriated earnings	298,129	4	254,536	4
						3400	Other equity	( 85,830 )	( 1 )	( 82,453 )	( 1 )
						3500	Treasury share	( <u>139,797</u> )	( <u>2</u> )	<u>-</u>	<u>-</u>
						3XXX	Total equity	<u>3,276,528</u>	<u>45</u>	<u>3,298,230</u>	<u>47</u>
1XXX	Total assets	<u>\$ 7,288,009</u>	<u>100</u>	<u>\$ 7,060,456</u>	<u>100</u>		Total liabilities and equity	<u>\$ 7,288,009</u>	<u>100</u>	<u>\$ 7,060,456</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. 6, 2024.)

Chairman: YU, WEI-PIN    General Manager: YU, WEI-PIN    Accounting Manager: Lin Yu-Sang

Integrated Service Technology Inc.  
Parent Company Only Statements of Comprehensive Income  
For the years ended Dec. 31, 2023 and 2022

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

Code		2023		2022	
		Amount	%	Amount	%
4600	Operating revenue (Notes 4, 20 and 27)	\$ 3,424,332	100	\$ 3,213,134	100
5600	Operating cost (Notes 21 and 27)	<u>2,352,901</u>	<u>69</u>	<u>2,228,240</u>	<u>69</u>
5900	Gross profit from operations	<u>1,071,431</u>	<u>31</u>	<u>984,894</u>	<u>31</u>
	Operating expenses (Notes 21 and 27)				
6100	Selling expenses	85,833	2	72,663	2
6200	Administrative expenses	370,250	11	349,605	11
6300	Research and development expenses	122,604	4	106,308	4
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	<u>2,588</u>	<u>-</u>	<u>2,072</u>	<u>-</u>
6000	Total operating expenses	<u>581,275</u>	<u>17</u>	<u>530,648</u>	<u>17</u>
6900	Net operating income	<u>490,156</u>	<u>14</u>	<u>454,246</u>	<u>14</u>
	Non-operating income and expenses				
7100	Interest income (Notes 21)	2,251	-	647	-
7010	Other income (Notes 21 and 27)	101,916	3	58,463	2
7020	Other gains and losses, net (Notes 4 and 21)	4,447	-	21,536	-
7050	Financial cost, net (Notes 4, 21 and 27)	( 54,354 )	( 1 )	( 41,206 )	( 1 )
7060	Share of loss of subsidiaries and associates for using equity method, net (Notes 4 and 10)	( <u>125,459</u> )	( <u>4</u> )	( <u>6,939</u> )	<u>-</u>
7000	Total non-operating income and expenses	( <u>71,199</u> )	( <u>2</u> )	<u>32,501</u>	<u>1</u>
7900	Profit from continuing operations before tax	418,957	12	486,747	15
7950	Income tax expense (Notes 4 and 22)	<u>33,403</u>	<u>1</u>	<u>81,601</u>	<u>2</u>
8200	Profit	<u>385,554</u>	<u>11</u>	<u>405,146</u>	<u>13</u>

(Brought forward from previous page)

Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive incomes				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans (Notes 4 and 18)	( \$ 2,171 )	-	\$ 5,377	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method (Notes 4)	33	-	155	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation (Notes 4 and 19)	489	-	10,777	-
8380	Share of other comprehensive gain of subsidiaries and associates for using equity method (Notes 4 and 19)	( 3,866 )	-	1,931	-
8300	Total other comprehensive income (Net after tax)	( 5,515 )	-	18,240	-
8500	Total comprehensive income	<u>\$ 380,039</u>	<u>11</u>	<u>\$ 423,386</u>	<u>13</u>
	Basic earnings per share (Note 23)				
9710	Basic earnings per share	<u>\$ 5.15</u>		<u>\$ 5.33</u>	
9810	Diluted earnings per share	<u>\$ 5.06</u>		<u>\$ 5.30</u>	

The accompanying notes constitute part of the parent company only financial statements.

(Please see the audit report made by Deloitte & Touche on Mar. 6, 2024.)

Chairman: YU, WEI-PIN

General Manager: YU, WEI-PIN

Accounting Manager: Lin Yu-Sang

Integrated Service Technology Inc.  
Parent Company Only Statements of Changes in Equity  
For the years ended Dec. 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		Common shares		Capital collected in advance	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)	Exchange differences on translation of financial statements of foreign operations		
A1	Equity at beginning of period Jan. 1, 2022	79,775	\$ 797,751	\$ -	\$ 2,266,955	\$ 175,585	\$ 98,491	( \$ 41,547 )	( \$ 95,161 )	\$ -	\$ 3,202,074
	Appropriation and distribution of earnings										
B1	Legal reserve appropriated	-	-	-	-	23,118	-	( 23,118 )	-	-	-
B13	Legal reserve used to offset accumulated deficits	-	-	-	-	( 38,217 )	( 23,593 )	38,217	-	-	( 23,593 )
B17	Special reserve allocated	-	-	-	-	-	-	23,593	-	-	23,593
B5	Cash dividends of ordinary share	-	-	-	-	-	-	( 74,775 )	-	-	( 74,775 )
D1	Profit for 2022	-	-	-	-	-	-	405,146	-	-	405,146
D3	Other comprehensive income for 2022	-	-	-	-	-	-	5,532	12,708	-	18,240
D5	Total comprehensive income for 2022	-	-	-	-	-	-	410,678	12,708	-	423,386
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	( 267,945 )	( 267,945 )
L3	Retirement of treasury share	( 5,000 )	( 50,000 )	-	( 139,433 )	-	-	( 78,512 )	-	267,945	-
M7	Changes in ownership interests in subsidiaries	-	-	-	714	-	-	-	-	-	714
N1	Share-based payment	-	-	-	14,776	-	-	-	-	-	14,776
Z1	Equity at end of period	74,775	747,751	-	2,143,012	160,486	74,898	254,536	( 82,453 )	-	3,298,230
	Appropriation and distribution of earnings										
B1	Legal reserve appropriated	-	-	-	-	44,165	-	( 44,165 )	-	-	-
B17	Reversal of special reserve	-	-	-	-	-	( 4,957 )	4,957	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	-	-	( 300,615 )	-	-	( 300,615 )
C7	Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	11,232	-	-	-	-	-	11,232
C17	Exercise of disgorgement right	-	-	-	19	-	-	-	-	-	19
D1	Profit for 2023	-	-	-	-	-	-	385,554	-	-	385,554
D3	Other comprehensive income for 2023	-	-	-	-	-	-	( 2,138 )	( 3,377 )	-	( 5,515 )
D5	Total comprehensive income for 2023	-	-	-	-	-	-	383,416	( 3,377 )	-	380,039
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	( 139,797 )	( 139,797 )
M7	Changes in ownership interests in subsidiaries	-	-	-	( 22,616 )	-	-	-	-	-	( 22,616 )
N1	Share-based payments	-	-	-	7,720	-	-	-	-	-	7,720
N1	Common stocks awarded under employee stock ownership plan	766	7,658	1,577	33,081	-	-	-	-	-	42,316
Z1	Equity at end of period	75,541	\$ 755,409	\$ 1,577	\$ 2,172,448	\$ 204,651	\$ 69,941	\$ 298,129	( \$ 85,830 )	( \$ 139,797 )	\$ 3,276,528

The accompanying notes constitute part of the parent company only financial statements.  
(Please see the audit report made by Deloitte & Touche on Mar. 6, 2024.)

Chairman: YU, WEI-PIN    General Manager: YU, WEI-PIN    Accounting Manager: Lin Yu-Sang

Integrated Service Technology Inc.  
Parent Company Only Statements of Cash Flows  
For the years ended Dec. 31, 2023 and 2022  
Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
AAAA	Cash flows from operating activities		
A10000	Profit before tax	\$ 418,957	\$ 486,747
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	682,964	682,036
A20200	Amortization expense	6,374	7,258
A20300	Expected credit loss (gain)	2,588	2,072
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 6,103)	( 6,886)
A20900	Interest expense	54,354	41,206
A21200	Interest income	( 2,251)	( 647)
A21900	Share-based payments	7,720	14,776
A22400	Share of loss of subsidiaries and associates for using equity method	125,459	6,939
A22500	Gain on disposal of property, plant and equipment	-	( 15,140)
A24100	Unrealized foreign exchange loss (gain)	2,341	3,101
A29900	Other adjustments to reconcile profit (loss)	( 27)	( 290)
A30000	Changes in operating assets and liabilities		
A31150	Notes and accounts receivable	( 150,960)	( 137,302)
A31160	Accounts receivable due from related parties	( 4,613)	8,345
A31190	Other receivable due from related parties	( 4,136)	( 5,060)
A31240	Prepayments and other current assets	( 4,618)	( 55,195)
A31990	Other operating assets	( 290)	( 112)
A32125	Contract liabilities	16,563	45,672
A32150	Notes and accounts payable	( 79,305)	58,083
A32160	Accounts payable to related parties	4,621	( 5,319)
A32230	Adjustments for other current liabilities	41,136	125,577
A33000	Cash generated from operations	1,110,774	1,255,861
A33300	Interest paid	( 52,517)	( 40,181)
A33500	Income taxes paid	( 88,438)	( 97,117)
	Net cash generated from operating activities	969,819	1,118,563
BBBB	Cash flows from investing activities		

B00200	Proceeds from disposal of financial assets at fair value through profit or loss	6,452	1,016
B01800	Acquisition of investments accounted for using equity method	( 99,265)	( 5,000)
B02700	Acquisition of property, plant and equipment	(\$ 644,586)	(\$ 712,502)
B02800	Proceeds from disposal of property, plant and equipment	-	21,784
B03700	Decrease in refundable deposits	( 3,463)	( 2,168)
B04500	Acquisition of intangible assets	( 3,431)	( 7,796)
B06100	Decrease in long-term lease and installment receivables	4,358	4,340
B06500	Increase in other financial assets	1,478	( 974)
B07500	Interest received	2,251	647
B07600	Dividends received	<u>6,958</u>	<u>6,630</u>
	Net cash used in investing activities	( <u>729,248</u> )	( <u>694,023</u> )
CCCC	Cash flows from financing activities		
C00100	Increase in short-term loans	301,328	( 2,296)
C01600	Proceeds from long-term debt	1,092,000	610,000
C01700	Repayment of long-term debt	( 1,157,400)	( 617,400)
C03000	Increase in guarantee deposits received	-	3,589
C04000	Repayment of principal portion of lease liabilities	( 59,269)	( 53,969)
C04500	Cash dividends paid	( 224,325)	( 35,430)
C04800	Employee stock options	42,316	-
C04900	Purchase of treasury share	( 139,797)	( 267,945)
C09900	Exercise of disgorgement right	<u>19</u>	<u>-</u>
	Net cash used in financing activities	( <u>145,128</u> )	( <u>363,451</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	( <u>585</u> )	<u>3,025</u>
EEEE	Net increase (decrease) in cash and cash equivalents	94,858	64,114
E00100	Cash and cash equivalents at beginning of period	<u>426,082</u>	<u>361,968</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 520,940</u>	<u>\$ 426,082</u>

The accompanying notes constitute part of the parent company only financial statements.  
(Please see the audit report made by Deloitte & Touche on Mar. 6, 2024.)

Chairman: YU, WEI-PIN    General Manager: YU, WEI-PIN    Accounting Manager: Lin Yu-Sang



## **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, 2023 and 2022 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, 2023 and 2022 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, 2023. 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 2023 are stated as follows:

#### Recognition of Revenue

The consolidated operating revenue of Integrated Service Technology Inc. and its subsidiaries for 2023 was NTD 3,811,719 thousand, mainly generated from service incomes for providing customers with product verification and analysis service. Please refer to Notes 4 and 21 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 2023 in order to confirm whether misstatements existed for the annual operating revenue of 2023.

#### Evaluation on Impairment of Accounts Receivable

The total amount of accounts receivable by Integrated Service Technology Inc. and its subsidiaries as of Dec. 31, 2023 was NTD 1,484,874 thousand. For accounting policies and information regarding accounts receivable, please refer to Notes 4 and 8 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 11 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, 2023 and 2022, the aforementioned investments accounted for using the equity method were NTD 711,812 thousand and NTD 631,647 thousand, respectively, which accounted for 9% and 9% of the total consolidated assets, respectively. For the years ended Dec. 31, 2023 and 2022, the comprehensive incomes of the aforementioned associates accounted for using the equity method were NTD 40,181 thousand and NTD 57,831 thousand, which accounted for 13% and 14% of the total consolidated comprehensive incomes, respectively.

Integrated Service Technology Inc. has prepared its separate financial statements for the years ended Dec. 31 2023 and 2022. 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, 2023. 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

Chang Ya-Yun, CPA

Securities and Futures Bureau Approval No.:  
TAI, TSAI-CHENG-LIU-TZU No.  
0920123784

Financial Supervisory Commission Approval No.:  
CHIN- KUAN-CHENG-SHEN-TZU No.  
1110348898

Mar. 6, 2024

Integrated Service Technology Inc. and Subsidiaries  
Consolidated Balance Sheets  
Dec. 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	Dec. 31, 2023		Dec. 31, 2022		Code	Liabilities and Equity	Dec. 31, 2023		Dec. 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 928,238	12	\$ 875,347	12	2100	Current borrowings (Notes 4 and 16)	\$ 961,126	13	\$ 648,500	9
1110	Current financial assets at fair value through profit or loss (Notes 4 and 7)	-	-	523	-	2120	Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	236	-	-	-
1140	Current contract assets (Notes 4 and 21)	5,963	-	11,620	-	2130	Current contract liabilities (Notes 4 and 21)	134,493	2	117,829	1
1170	Notes and accounts receivable, net (Notes 4, 5 and 8)	1,468,385	19	1,311,491	18	2170	Accounts payable	184,209	2	270,621	4
1175	Finance lease receivables (Notes 4, 9, and 29)	-	-	4,358	-	2180	Accounts payable to related parties (Note 29)	4,696	-	692	-
						2213	Payable on machinery and equipment	149,777	2	167,477	2
1180	Accounts receivable due from related parties, net (Note 29)	19,140	-	17,316	-	2216	Dividends payable, non-cash assets distributions	151,065	2	74,775	1
1200	Other receivables	11,696	-	1,298	-	2230	Current tax liabilities (Notes 4 and 23)	-	-	54,690	1
1210	Other receivables due from related parties (Note 29)	23,188	1	19,821	-	2280	Current lease liabilities (Notes 4 and 13)	59,353	1	53,276	1
1469	Prepayments and other current asset (Notes 15 and 23)	145,646	2	152,335	2	2322	Long-term borrowings, current portion (Notes 4, 17 and 30)				
1476	Other current financial assets (Note 30)	15,010	-	16,633	-			131,199	2	145,486	2
11XX	Total current assets	2,617,266	34	2,410,742	32	2399	Other current liabilities, others (Notes 4, 18 and 29)	574,526	7	535,688	7
						21XX	Total current liabilities	2,350,680	31	2,069,034	28
	Non-current assets						Non-current liabilities				
1510	Non-current financial assets at fair value through profit or loss (Notes 4 and 7)					2540	Non-current portion of non-current borrowings (Notes 4, 17 and 30)	1,718,942	23	1,697,982	23
		27,692	1	27,282	1	2570	Deferred tax liabilities (Notes 4 and 23)	4,903	-	5,056	-
1550	Investments accounted for using equity method (Notes 4 and 11)	833,830	11	756,424	10	2580	Non-current lease liabilities (Notes 4 and 13)	258,396	3	247,886	3
1600	Property, plant and equipment (Notes 4, 5, 12 and 30)	3,820,524	50	3,881,876	52	2645	Guarantee deposits received (Note 29)	2,005	-	2,005	-
1755	Right-of-use assets (Notes 4 and 13)	306,669	4	288,884	4	25XX	Total non-current liabilities	1,984,246	26	1,952,929	26
1822	Other intangible assets (Notes 4 and 14)	10,800	-	14,280	-	2XXX	Total liabilities	4,334,926	57	4,021,963	54
1840	Deferred tax assets (Notes 4 and 23)	348	-	541	-		Equity attributed to owners of parent (Notes 4, 20, and 26)				
1915	Prepayments for business facilities	5,676	-	56	-	3110	Ordinary share	755,409	10	747,751	10
1920	Guarantee deposits paid	24,444	-	22,611	1	3140	Capital collected in advance	1,577	-	-	-
1975	Net defined benefit asset, non-current (Notes 4 and 19)	19,579	-	21,460	-	3200	Capital surplus	2,172,448	28	2,143,012	29
1980	Other non-current financial assets (Note 30)	200	-	-	-		Retained earnings				
15XX	Total non-current assets	5,049,762	66	5,013,414	68	3310	Legal reserve	204,651	3	160,486	2
						3320	Special reserve	69,941	1	74,898	1
						3350	Unappropriated retained earnings (accumulated deficit)	298,129	4	254,536	4
						3490	Other equity, others	( 85,830 )	( 1 )	( 82,453 )	( 1 )
						3500	Treasury share	( 139,797 )	( 2 )	-	-
						31XX	Total equity attributable to owners of parent	3,276,528	43	3,298,230	45
						36XX	Non-controlling interests (Notes 20 and 26)	55,574	-	103,963	1
						3XXX	Total equity	3,332,102	43	3,402,193	46
1XXX	Total assets	\$ 7,667,028	100	\$ 7,424,156	100		Total liabilities and equity	\$ 7,667,028	100	\$ 7,424,156	100

The accompanying notes constitute part of the consolidated financial statements.  
(Please see the audit report made by Deloitte & Touche on Mar. 6, 2024.)

Chairman: YU, WEI-PIN

General Manager: YU, WEI-PIN

Accounting Manager: Lin Yu-Sang

Integrated Service Technology Inc. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the years ended Dec. 31, 2023 and 2022

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

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 21 and 29)	\$ 3,811,719	100	\$ 3,742,682	100
5000	Operating costs (Notes 4, 22 and 29)	<u>2,793,861</u>	<u>73</u>	<u>2,726,860</u>	<u>73</u>
5900	Gross profit from operations	<u>1,017,858</u>	<u>27</u>	<u>1,015,822</u>	<u>27</u>
	Operating expenses (Notes 22 and 29)				
6100	Selling expenses	124,992	3	106,933	3
6200	Administrative expenses	447,890	12	444,823	12
6300	Research and development expenses	138,314	4	127,111	3
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	<u>2,865</u>	<u>-</u>	<u>2,072</u>	<u>-</u>
6000	Total operating expenses	<u>714,061</u>	<u>19</u>	<u>680,939</u>	<u>18</u>
6900	Net operating income	<u>303,797</u>	<u>8</u>	<u>334,883</u>	<u>9</u>
	Non-operating income and expenses				
7100	Interest income (Notes 22)	8,982	-	2,737	-
7190	Other income, others (Notes 22 and 29)	47,932	1	47,445	1
7020	Other gains and losses, net (Notes 4 and 22)	9,008	-	58,428	1
7050	Finance costs, net (Notes 4, 22 and 29)	( 59,295 )	( 1 )	( 46,315 )	( 1 )
7060	Share of profit (loss) of associates for using equity method, net (Notes 4 and 11)	<u>36,991</u>	<u>1</u>	<u>70,935</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>43,618</u>	<u>1</u>	<u>133,230</u>	<u>3</u>
7900	Profit from continuing operations before tax	347,415	9	468,113	12
7950	Total tax expense (Notes 4 and 23)	<u>33,601</u>	<u>1</u>	<u>81,611</u>	<u>2</u>
8200	Profit	<u>313,814</u>	<u>8</u>	<u>386,502</u>	<u>10</u>

Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive incomes				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans (Notes 4 and 19)	( \$ 2,171 )	-	\$ 5,377	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (Notes 4)	33	-	155	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation (Notes 4 and 20)	489	-	10,777	1
8370	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 and 20)	( 3,866 )	-	1,931	-
8300	Total other comprehensive income	( 5,515 )	-	18,240	1
8500	Total comprehensive income	\$ 308,299	8	\$ 404,742	11
	Profit, attributable to:				
8610	Owners of parent	\$ 385,554	10	\$ 405,146	11
8620	Non-controlling interests	( 71,740 )	( 2 )	( 18,644 )	( 1 )
8600		\$ 313,814	8	\$ 386,502	10
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 380,039	10	\$ 423,386	11
8720	Non-controlling interests	( 71,740 )	( 2 )	( 18,644 )	-
8700		\$ 308,299	8	\$ 404,742	11



	Earnings per share (Note 24)		
9750	Total basic earnings per share	\$ <u>5.15</u>	\$ <u>5.33</u>
9850	Total diluted earnings per share	\$ <u>5.06</u>	\$ <u>5.30</u>

The accompanying notes constitute part of the consolidated financial statements.

(Please see the audit report made by Deloitte & Touche on Mar. 6, 2024)

Chairman: YU, WEI-PIN

General Manager: YU, WEI-PIN

Accounting Manager: Lin Yu-Sang

Integrated Service Technology Inc. and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the years ended Dec. 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		Interests attributed to owners of IST											
		Common shares				Retained earnings			Other equity				
Code		Number of shares (in thousands of shares)	Amount	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Undistributed earnings (Accumulated deficit)	Exchange differences on translation of financial statements of foreign operations	Treasury shares	Total owners' equity	Non-controlling interests	Total equity
A1	Balance at Jan. 1, 2022	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												
B1	Legal reserve appropriated	-	-	-	-	23,118	-	( 23,118 )	-	-	-	-	-
B13	Legal reserve used to offset accumulated deficits	-	-	-	-	( 38,217 )	( 23,593 )	38,217	-	-	( 23,593 )	-	( 23,593 )
B17	Special reserve allocated	-	-	-	-	-	-	23,593	-	-	23,593	-	23,593
B5	Cash dividends of ordinary share	-	-	-	-	-	-	( 74,775 )	-	-	( 74,775 )	-	( 74,775 )
D1	Net profit for 2022	-	-	-	-	-	-	405,146	-	-	405,146	( 18,644 )	386,502
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	-	5,532	12,708	-	18,240	-	18,240
D5	Total comprehensive income for 2022	-	-	-	-	-	-	410,678	12,708	-	423,386	( 18,644 )	404,742
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	( 267,945 )	( 267,945 )	-	( 267,945 )
L3	Retirement of treasury share	( 5,000 )	( 50,000 )	-	( 139,433 )	-	-	( 78,512 )	-	267,945	-	-	-
M7	Changes in ownership interests in subsidiaries	-	-	-	714	-	-	-	-	-	714	-	714
N1	Share-based payments	-	-	-	14,776	-	-	-	-	-	14,776	-	14,776
Z1	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
	Appropriation and distribution of earnings												
B1	Legal reserve appropriated	-	-	-	-	44,165	-	( 44,165 )	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	-	-	( 4,957 )	4,957	-	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	-	-	( 300,615 )	-	-	( 300,615 )	-	( 300,615 )
C7	Changes of associates accounted for using the equity method	-	-	-	11,232	-	-	-	-	-	11,232	-	11,232
C17	Exercise of disgorgement right	-	-	-	19	-	-	-	-	-	19	-	19
D1	Net profit for 2023	-	-	-	-	-	-	385,554	-	-	385,554	( 71,740 )	313,814
D3	Other comprehensive income after tax for 2023	-	-	-	-	-	-	( 2,138 )	( 3,377 )	-	( 5,515 )	-	( 5,515 )
D5	Total comprehensive income for 2023	-	-	-	-	-	-	383,416	( 3,377 )	-	380,039	( 71,740 )	308,299
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	( 139,797 )	( 139,797 )	-	( 139,797 )
M7	Changes in ownership interests in subsidiaries	-	-	-	( 22,616 )	-	-	-	-	-	( 22,616 )	22,616	-
N1	Share-based payments	-	-	-	7,720	-	-	-	-	-	7,720	-	7,720
N1	Common stock awarded under employee stock ownership plan	766	7,658	1,577	33,081	-	-	-	-	-	42,316	-	42,316
O1	Non-controlling interest	-	-	-	-	-	-	-	-	-	-	735	735
Z1	Equity at end of period	75,541	\$ 755,409	\$ 1,577	\$ 2,172,448	\$ 204,651	\$ 69,941	\$ 298,129	( \$ 85,830 )	( \$ 139,797 )	\$ 3,276,528	\$ 55,574	\$ 3,332,102

The accompanying notes constitute part of the consolidated financial statements.  
(Please see the audit report made by Deloitte & Touche on Mar. 6, 2024.)

Chairman: YU, WEI-PIN

General Manager: YU, WEI-PIN    Accounting Manager: Lin Yu-Sang

Integrated Service Technology Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended Dec. 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
AAAA	Cash flows from operating activities		
A10000	Profit before tax	\$ 347,415	\$ 468,113
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	769,919	800,966
A20200	Amortization expense	9,871	11,121
A20300	Expected credit loss (gain)	2,865	2,072
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 6,103)	( 6,659)
A20900	Interest expense	59,295	46,315
A21200	Interest income	( 8,982)	( 2,737)
A21900	Share-based payments	7,720	14,776
A22300	Share of profits of associates for using equity method	( 36,991)	( 70,935)
A22500	Gain on disposal of property, plant and equipment	( 8,474)	( 43,904)
A22800	Gain on disposal of intangible assets	-	( 97)
A24100	Unrealized foreign exchange loss	3,216	1,898
A29900	Other adjustments to reconcile profit (loss)	( 27)	( 1,702)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	5,657	( 6,717)
A31150	Notes and accounts receivable	( 167,969)	( 99,563)
A31160	Accounts receivable due from related parties	( 1,911)	2,365
A31180	Other receivable	( 10,159)	2,671
A31190	Other receivable due from related parties	( 3,367)	1,160
A31240	Prepayments and other current assets	6,689	( 46,437)
A31990	Other operating assets	( 290)	( 112)
A32125	Contract liabilities	16,664	45,654
A32150	Notes and accounts payable	( 86,058)	58,972
A32160	Accounts payable to related parties	4,004	( 5,511)
A32230	Adjustments for other current liabilities	37,116	148,176
A33000	Cash generated from operations	940,100	1,319,885
A33300	Interest paid	( 65,103)	( 51,274)
A33500	Income taxes paid	( 88,489)	( 97,127)

	Net cash generated from operating activities	<u>786,508</u>	<u>1,171,484</u>
BBBB	Cash flows from investing activities		
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	\$ 6,452	\$ 1,016
B01800	Proceeds from disposal of investments accounted for using equity method	( 39,974)	-
B02700	Acquisition of property, plant and equipment	( 659,140)	( 798,469)
B02800	Proceeds from disposal of property, plant and equipment	8,900	56,456
B03800	Decrease in refundable deposits	( 1,833)	( 2,150)
B04500	Acquisition of intangible assets	( 6,444)	( 10,376)
B04600	Proceeds from disposal of intangible assets	-	183
B06100	Decrease in long-term lease and installment receivables	4,358	4,340
B06500	Increase in other financial assets	1,423	( 4,202)
B07500	Interest received	8,982	2,737
B07600	Dividends received	<u>6,958</u>	<u>6,630</u>
	Net cash used in investing activities	( <u>670,318</u> )	( <u>743,835</u> )
CCCC	Cash flows from financing activities		
C00100	Increase in short-term loans	317,187	( 8,404)
C01600	Proceeds from long-term debt	1,191,000	630,650
C01700	Repayments of long-term debt	( 1,184,327)	( 643,820)
C04020	Payments of lease liabilities	( 67,089)	( 86,537)
C04500	Cash dividends paid	( 224,325)	( 35,430)
C04800	Employee stock option	42,316	-
C04900	Capital reduction payments to shareholders	( 139,797)	( 267,945)
C05800	Change in non-controlling interests (Note 26)	735	-
C09900	Exercise of disgorgement right	<u>19</u>	<u>-</u>
	Net cash used in financing activities	( <u>64,281</u> )	( <u>411,486</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>982</u>	<u>14,305</u>
EEEE	Net increase (decrease) in cash and cash equivalents	52,891	30,468
E00100	Cash and cash equivalents at beginning of period	<u>875,347</u>	<u>844,879</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 928,238</u>	<u>\$ 875,347</u>

The accompanying notes constitute part of the consolidated financial statements.  
(Please see the audit report made by Deloitte & Touche on Mar. 6, 2024)

Chairman: YU, WEI-PIN  
General Manager: YU, WEI-PIN  
Accounting Manager: Lin Yu-Sang

## Attachment VII: 2023 Profit and Loss Allocation Statement

### Integrated Service Technology Profit and Loss Allocation Statement

	2023	Unit: NTD
Item	Amount	
Undistributed earnings at the beginning of the year	162,106,814	
Net profit in current period	385,554,366	
Add: Actuarial gain or loss on pension	(2,137,699)	
Less: Statutory surplus reserve drawn	(38,341,667)	
Less: Special surplus reserve	(3,376,781)	
Surplus available for distribution in current period		503,805,033
Allocations:		
1. Cash dividends for 2023 Q1 (NTD 1.0 per share)	74,775,121	
2. Cash dividends for 2023 Q2 (NTD 1.0 per share)	75,502,921	
3. Cash dividends for 2023 Q3 (NTD 1.0 per share)	75,560,921	
4. Cash dividends for 2023 Q4 (NTD 0.7 per share)	51,809,745	
Total allocations		277,648,708
Undistributed earnings at the end of the year		226,156,325

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

General Manager: YU, WEI-PIN

Accounting Manager: Lin Yu-Sang

## Attachment VIII: Comparison Table of Revisions to the Procedural Rules of Shareholders' Meeting

### Integrated Service Technology Inc.

#### Comparison Table of Revisions to the Procedural Rules of Shareholders' Meeting

Article	Before Revision	After Revision	Note
Article 3	<p>A shareholders meeting shall, unless otherwise provided for in the Company Act, be convened by the Board of Directors.</p> <p>Any changes to the convening method of the company's shareholders' meeting shall be decided by the board of directors and shall be made no later than the dispatch of the shareholders' meeting notice.</p> <p>Thirty days before the Company convenes a regular shareholders' meeting or 15 days before a special shareholders' meeting, the company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or supervisors, and other matters on the shareholders' meeting agenda, and upload them to the information disclosure website specified by the FSC. Twenty-one days before the Company convenes a regular shareholders' meeting, or 15 days before a special shareholders' meeting, the Company shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials in accordance with the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies". When the Company convenes a shareholders' meeting, it shall, 15 days before the scheduled date of the shareholders' meeting, prepare the shareholders' meeting agenda handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the Company and its stock registrar and transfer agent.</p> <p>The shareholders' meeting agenda handbook and supplemental materials under the preceding paragraph shall be provided for review by the shareholders by the following means on the date the shareholder's meeting is convened:</p> <ol style="list-style-type: none"> <li>1. If the company convenes a physical shareholder's meeting, it shall distribute them on-site at the shareholder's meeting.</li> <li>2. If the company convenes a hybrid shareholder's meeting, it shall distribute them</li> </ol>	<p>A shareholders meeting shall, unless otherwise provided for in the Company Act, be convened by the Board of Directors.</p> <p><u>Unless otherwise provided in these Regulations, the Company that will convene a shareholders' meeting with video conferencing shall expressly provide for such meetings in its Articles of Incorporation and obtain a resolution of its board of directors. Furthermore, convening of a virtual-only shareholders' meeting shall require a resolution adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors.</u></p> <p>Any changes to the convening method of the company's shareholders' meeting shall be decided by the board of directors and shall be made no later than the dispatch of the shareholders' meeting notice.</p> <p>Thirty days before the Company convenes a regular shareholders' meeting or 15 days before a special shareholders' meeting, the company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or supervisors, and other matters on the shareholders' meeting agenda, and upload them to the information disclosure website specified by the FSC. Twenty-one days before the Company convenes a regular shareholders' meeting, or 15 days before a special shareholders' meeting, the Company shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials in accordance with the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies". When the Company convenes a shareholders' meeting, it shall, 15 days before the scheduled date of the shareholders' meeting, prepare the shareholders' meeting agenda handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the Company and its stock registrar and transfer agent.</p>	As revised based on relevant laws and regulations

<p>on-site at the shareholder's meeting and upload the electronic files to the video conferencing platform.</p> <p>3. If the company convenes a virtual-only shareholder's meeting, it shall upload the electronic files to the video conferencing platform.</p> <p>The cause(s) or subject(s) of a meeting of shareholders to be convened shall be indicated in the individual notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.</p> <p>Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of the Company Act, Paragraph 1, Article 26 and Paragraph 6, Article 43 of the Securities and Exchange Act, Paragraph I, Article 56 and Paragraph II, Article 60 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions;</p> <p>The reasons for convening the shareholders' meeting shall include a comprehensive election of directors, with the date of assumption of office specified. After the completion of the director election at the shareholders' meeting, the date of assumption of office shall not be changed at the same meeting through ad hoc resolutions or other means.</p> <p>Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In case any of the 4 Paragraphs under Article 172 of the Company Act is satisfied, the board of directors of the company shall not include the proposal submitted by a shareholder in the list of proposals to be discussed at a regular meeting of shareholders.</p> <p>A shareholder proposal proposed for urging the</p>	<p>The shareholders' meeting agenda handbook and supplemental materials under the preceding paragraph shall be provided for review by the shareholders by the following means on the date the shareholder's meeting is convened:</p> <ol style="list-style-type: none"> <li>1. If the company convenes a physical shareholder's meeting, it shall distribute them on-site at the shareholder's meeting.</li> <li>2. If the company convenes a hybrid shareholder's meeting, it shall distribute them on-site at the shareholder's meeting and upload the electronic files to the video conferencing platform.</li> <li>3. If the company convenes a virtual-only shareholder's meeting, it shall upload the electronic files to the video conferencing platform.</li> </ol> <p>The cause(s) or subject(s) of a meeting of shareholders to be convened shall be indicated in the individual notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.</p> <p>Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of the Company Act, Paragraph 1, Article 26 and Paragraph 6, Article 43 of the Securities and Exchange Act, Paragraph I, Article 56 and Paragraph II, Article 60 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions;</p> <p>The reasons for convening the shareholders' meeting shall include a comprehensive election of directors, with the date of assumption of office specified. After the completion of the director election at the shareholders' meeting, the date of assumption of office shall not be changed at the same meeting through ad hoc resolutions or other means.</p> <p>Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal</p>	
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	<p>Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. However, Article 172-1 of the Company Act specifies that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.</p> <p>Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.</p> <p>The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.</p> <p>The company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.</p>	<p>shall not be included in the agenda. In case any of the 4 Paragraphs under Article 172 of the Company Act is satisfied, the board of directors of the company shall not include the proposal submitted by a shareholder in the list of proposals to be discussed at a regular meeting of shareholders.</p> <p>A shareholder proposal proposed for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. However, Article 172-1 of the Company Act specifies that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.</p> <p>Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.</p> <p>The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.</p> <p>The company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.</p>	
Article 6-1	<p><u>In the case of convening a shareholders' meeting via video conference, the convening notice shall specify the agenda.</u></p> <p>When a company will convene a shareholders' meeting with video conferencing, it shall specify the following matters in the shareholders' meeting notice:</p> <ol style="list-style-type: none"> <li>1. The means for shareholders to take part in the video conferencing and exercise their</li> </ol>	<p>When a company will convene a shareholders' meeting with video conferencing, it shall specify the following matters in the shareholders' meeting notice:</p> <ol style="list-style-type: none"> <li>1. The means for shareholders to take part in the video conferencing and exercise their rights.</li> <li>2. Measures to be taken if, due to circumstances of a natural disaster, unforeseen event, or other force majeure event, any disruption occurs in the</li> </ol>	As revised based on relevant laws and regulations

	<p>rights.</p> <p>2. Measures to be taken if, due to circumstances of a natural disaster, unforeseen event, or other force majeure event, any disruption occurs in the video conferencing platform or in participation by means of video conferencing, including at least the following particulars:</p> <p>A. To what time the meeting is postponed or from what time the meeting will resume if the above disruption continues and cannot be eliminated, and the date to which the meeting is postponed or on which the meeting will resume.</p> <p>B. Shareholders that have not registered to take part by video conference in the originally scheduled shareholders' meeting may not take part by video conference in the postponed or reconvened meeting.</p> <p>C. When the company convenes a hybrid shareholders meeting, if the virtual meeting cannot be continued, then if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the shareholders meeting by video conferencing, meets the legal quorum for holding a shareholder meeting, the shareholders meeting shall continue in session. The number of shares represented by the shareholders, proxy solicitors, or proxy agents who were attending the shareholders' meeting by video conferencing shall be counted toward the total number of shares represented by the shareholders attending the meeting, but they shall be deemed to have waived their voting rights on all proposals at that shareholders' meeting.</p> <p>D. Measures to be taken if the outcome of all proposals has been announced but extemporary motions have not yet been proceeded with.</p> <p>3. When the company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.</p>	<p>video conferencing platform or in participation by means of video conferencing, including at least the following particulars:</p> <p>A. To what time the meeting is postponed or from what time the meeting will resume if the above disruption continues and cannot be eliminated, and the date to which the meeting is postponed or on which the meeting will resume.</p> <p>B. Shareholders that have not registered to take part by video conference in the originally scheduled shareholders' meeting may not take part by video conference in the postponed or reconvened meeting.</p> <p>C. When the company convenes a hybrid shareholders meeting, if the virtual meeting cannot be continued, then if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the shareholders meeting by video conferencing, meets the legal quorum for holding a shareholder meeting, the shareholders meeting shall continue in session. The number of shares represented by the shareholders, proxy solicitors, or proxy agents who were attending the shareholders' meeting by video conferencing shall be counted toward the total number of shares represented by the shareholders attending the meeting, but they shall be deemed to have waived their voting rights on all proposals at that shareholders' meeting.</p> <p>D. Measures to be taken if the outcome of all proposals has been announced but extemporary motions have not yet been proceeded with.</p> <p>3. When the company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.</p> <p><u>Except in the circumstances set out in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall at least provide the shareholders with connection facilities and necessary assistance, and specify the period during which shareholders may apply to the company and other related matters requiring attention.</u></p>	
Article 22	<p><u>Solution to digital discrepancies</u></p> <p>When the company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.</p>	<p>When the company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.</p> <p><u>Except in the circumstances set out in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall at least provide the shareholders with connection facilities and</u></p>	As revised based on relevant laws and regulations

		<u>necessary assistance, and specify the period during which shareholders may apply to the company and other related matters requiring attention.</u>	
Article 24	These rules were established on June 14, 2022.	These rules were established on June 14, 2022. <u>First revision was made on June 14, 2024.</u>	Revision and addition of dates

## Attachment IX: List of Director and Independent Director Candidates

At the 20th meeting of the 11th session of the Board of Directors of the Company in 2024, the "List of Director and Independent Director Candidates" was reviewed and approved as follows:

### Integrated Service Technology Inc.

#### List of Director and Independent Director Candidates

Position	Name	Education	Work Experience	Shareholding (shares)
Director	YU, WEI-PIN, Representative of Han Sheng Investment Co., Ltd.	Bachelor's Degree in Physics, Tamkang University Master of Business Administration (EMBA), National Chengchi University	Current Positions: Chairman and General Manager of Integrated Service Technology Inc. Chairman of Innovative Turnkey Solution Corporation Chairman of Prosperity Power Technology Inc. Legal Representative of Integrated Service Technology Inc. (Samoa) Legal Representative of Integrated Service Technology Inc. (Seychelles) Chairman of Supreme Fortune Corp. Chairman of Hot Light Co., Ltd. Supervisor of Integrated Service Technology (Kunshan) Co. Ltd. Supervisor of Kunshan Sipu Electronic Technology Co., Ltd. Supervisor of Integrated Service (Kunshan) Electromechanical Co., Ltd. Chairman of Han Sheng Investment Co., Ltd. Supervisor of Harvard Investment Co., Ltd. Chairman of Hu Ying Sustainable Development Terks. Co. Ltd. Chairman of He Chou Technology Inc. Chairman of Pin Wen Co., Ltd. Legal Representative of Yi Fang Technology Co., Ltd. Legal Representative of Motor Semiconductor Co., Ltd. Director of Enli Technology Co., Ltd. Past Positions: Senior Engineer at ITRI Electronics	3,652,288
Director	CHEN, CHIN- CHO, Representative of Hui Long Co., Ltd.	Bachelor's Degree in Electrical Engineering, National Central University Master's Degree in Electronics, National Yang Ming Chiao Tung University	Current Positions: Vice Chairman of Integrated Service Technology Inc. Vice Chairman of DEKRA iST Director of Pin Wen Co., Ltd. Chairman of Hui Long Co., Ltd. Director of Innovative Turnkey Solution Corporation Past Positions:	849,921

			Manager at ITRI Electronics	
Director	TU, CHUNG-CHE	Master of Information Technology, Fairleigh Dickinson University, USA Current Positions:	<u>Current Positions:</u> Director of Integrated Service Technology Inc. Director of Pin Wen Co., Ltd. Supervisor of Innovative Turnkey Solution Corporation <u>Past Positions:</u> Director of Master Insurance Agent Co., Ltd. Manager of HSBC Consumer Finance Department Finance Manager of Tega International Co., Ltd. Manager of Administration at Anatek Enterprise Co., Ltd.	902,000
Director	LIU, FU-HAN	Executive Master of Business Administration (EMBA), National Chengchi University	<u>Current Positions:</u> Director of Integrated Service Technology Inc. Independent Director of Auras Technology Co., Ltd. <u>Past Positions:</u> General Manager of KYE Systems Corp.	920,000
Director	CHEN, YANG-KUANG, Representative of Kaio Investment Co., Ltd.	Bachelor's Degree in Economics, National Taiwan University	<u>Current Positions:</u> Director at Integrated Service Technology Inc. Legal Representative Director at Prosperity Power Technology Inc. <u>Past Positions:</u> Chairman of IBD Securities Investment Consulting Co., Ltd. Legal Representative Director at IBF Financial Holdings Co., Ltd. Chairman of Shan Yi Investment Consultant (Stock) Company	688,753
Director	LO, WEN-HAO	Executive Master of Business Administration (EMBA), National Chengchi University	<u>Current Positions:</u> Director of Integrated Service Technology Inc. Chairman of Tongshuo Investment Co., Ltd. Director of Global Magic Technology Co., Ltd. Director of Magic Wireless Technology Co., Ltd. Independent Director of Gudeng Precision Industrial Co., Ltd. <u>Past Positions:</u> Director of Donghe Home Appliances (Stock) Company Legal Representative Director of Magic Wireless Technology Co., Ltd.	520,075
Independent Director	HUNG, WEN-MING	Bachelor's Degree in Political Science, Soochow University Completion of Entrepreneurship Program at NCCU College of Commerce	<u>Current Positions:</u> Independent Director of Integrated Service Technology Inc. Independent Director of Gia Tzoong Enterprise Co., Ltd. <u>Past Positions:</u> General Manager of Yuanta Securities	-

			Investment Consulting Co., Ltd. Senior Deputy General Manager of Yuanta Securities Co., Ltd. Supervisor of New York Life Insurance Company	
Independent Director	WANG, CHIH-HUNG	Ph.D. in Polymer Science and Engineering, the National Taiwan University of Science and Technology	<u>Current Positions:</u> Independent Director of Integrated Service Technology Inc. Chairman of Entire Technology Co., Ltd. Director and General Manager of EnFlex Corporation Director and General Manager of Entire Holding Group Ltd. Director and General Manager of Entire Materials Co., Ltd. Director of Entire Technology Co., Ltd. (Hong Kong) Chairman of Yixuan Investment Co., Ltd. Chairman of Sing Pen Taiwan Co., Ltd. Chairman of Guide Win Special Chemical Co., Ltd. Legal Representative of Thank You My Friends INC. Chairman of Suzhou Union Technology Co., Ltd. Chairman of Xinpan Plastics Technology Co., Ltd. Director of Polymer Asia Investment Limited Director of Sky Grant Enterprises Limited Director of Sing Pen International Technology Co., Ltd. (Samoa) Director of Sing Pen International Technology Co., Ltd. (Anguilla) Legal Representative of Taiwan NJ Co., Ltd. <u>Past Positions:</u> Research and Development Manager at Prodisc Technology Inc. General Manager of Entire Technology Co., Ltd. Assistant Professor of the Department of Chemical Engineering, Kuang Wu Institute of Technology	-
Independent Director	LOU, YUNG-CHIEN	Bachelor's Degree in Transportation and Communication Science, National Cheng Kung University Master's Degree in Industrial Management, National Cheng Kung University Ph.D. in Marketing, the University of Illinois, Urbana-Champaign (UIUC)	<u>Current Positions:</u> Independent Director of Integrated Service Technology Inc. Professor of the Department of Business Administration, National Chengchi University Independent Director of Sampo Corp <u>Past Positions:</u> Associate Research Fellow at ITRI Industrial Economics and Knowledge Center	-
Independent Director	YU, CHO-MIN	Ph.D. in Business Administration, the University of Michigan	<u>Current Positions:</u> Independent Director of Integrated Service Technology Inc. Independent Director of Axiomtek Co., Ltd.	-

			<p>Distinguished Professor of the Department of Industrial and Business Management, Chang Gung University</p> <p>Independent Director of WPG Holdings Ltd.</p> <p><u>Past Positions:</u></p> <p>Professor of the Department of Business Administration, National Chengchi University</p> <p>Independent Director of Yuanta Securities Co., Ltd.</p> <p>Independent Director of Advantech Co., Ltd.</p> <p>Independent Director of Yuanta Commercial Bank Co., Ltd.</p> <p>Independent Director of Yuanta Securities Co., Ltd.</p> <p>Advisor of Hon Hai Precision Industry Co., Ltd.</p> <p>Assistant Professor of the University of Illinois, Urbana-Champaign (UIUC) School of Business</p>	
Independent Director	HSIEH, PEI-CHUAN	Bachelor's Degree in Business Administration, Ling Tung University	<p><u>Current Position:</u></p> <p>Deputy General Manager of the Financial &amp; Administrative Department at Kuang San SOGO</p> <p><u>Past Position:</u></p> <p>Deputy Accountant at Tai Yu Products Corporation</p>	-

## **XI. Appendix**

### **Attachment I: Procedural Rules of the Shareholder's Meeting (Before Revision)**

#### **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 sent, 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 format 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 announced 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 property 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**

# **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: Procedures for the Election of Directors**

### **Integrated Service Technology Inc.**

#### **Procedures for the Election of Directors**

Article 1: Unless otherwise stipulated by law, regulations, or the company's articles of incorporation, the election of directors shall adhere to these Procedures.

Article 2: Director elections within the company shall be conducted during shareholder meetings. The company shall prepare and differentiate director election ballots and assign voting weights.

Article 3: During director elections at shareholder meetings, the number of votes per share shall correspond to the number of directors to be elected. The total vote count per share may be consolidated for a single candidate or split among two or more candidates.

Article 4: Directors shall be elected based on received votes, with those garnering the highest votes successively elected. In cases where two or more candidates tie with votes exceeding the designated quota, the selection shall be determined by drawing lots among those with equal voting rights. In the absence of a candidate, the chairman shall conduct the draw. For the election of independent directors, in accordance with Article 192-1 of the Company Act, shareholders shall elect directors from among the nominees listed in the roster of director candidates. Elections for independent and non-independent directors shall be conducted concurrently, with separate quotas for each.

Article 5: At the outset of the election, the chairman shall appoint several scrutineers and vote counters to fulfill their respective duties. Scrutineers may be selected from among the attending shareholders.

Article 6: The election ballot box shall be provided by the company and publicly inspected by scrutineers prior to voting.

Article 7: Where the candidate is a shareholder, the elector shall indicate the candidate's name and shareholder account number on the ballot. Where the candidate is not a shareholder, the elector shall specify the candidate's name and identification document number. However, where the candidate is a government entity or legal entity shareholder, the candidate's name column on the ballot shall contain the entity's name. Additionally, the entity's name and representative(s) may be provided. Where multiple representatives exist, their names shall

be listed separately.

Article 8: The following scenarios render an election ballot invalid:

1. Ballots not deposited in the ballot box.
2. Ballots not utilizing the company-prepared election ballots.
3. Blank election ballots left unfilled by electors.
4. Discrepancies between the candidate's name or account number and the shareholder register. For non-shareholder candidates, discrepancies in their name or identification number (Unified Business Number) upon verification.
5. Additional symbols or characters written alongside the candidate's name, account number, or voting rights.
6. Illegible handwriting impeding identification.
7. Alterations made to the candidate's name, account number, or voting rights.
8. Instances where the candidate's name matches that of another shareholder, and no shareholder account number is provided to differentiate between them.

Article 9: Following voting, vote counting shall take place on-site, with the results promptly announced by the chairman or a designated individual.

Article 10: These regulations shall be enacted upon approval by the shareholders' meeting and apply to subsequent revisions.

Article 11: These regulations were enacted on September 2, 2002.

First Revision made on June 23, 2006.

Second Revision made on June 11, 2015.

Third Revision made on June 12, 2020.

## Appendix IV: 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, 2024

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	4.83
Vice Chairman	Hui Long Co., Ltd. Representative: Chen Ching-Chuo	2021.07.26	3 years	849,921	0.91	849,921	1.12
Director	Tu Chung-Che	2021.07.26	3 years	962,000	1.03	902,000	1.19
Director	Liu Fu-Han	2021.07.26	3 years	934,525	1.00	920,000	1.22
Director	Kai Ou Investment Co., Ltd. Representative: Chen Yang-Kuang	2021.07.26	3 years	688,753	0.74	688,753	0.91
Director	Lou Wen-Hao	2021.07.26	3 years	500,075	0.53	520,075	0.69
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	7,533,037	9.96

1. Type of shares: Common shares
2. Total issued shares: 75,602,921 shares
3. Legal minimum number of shares required to be held by all directors: 6,048,234 shares