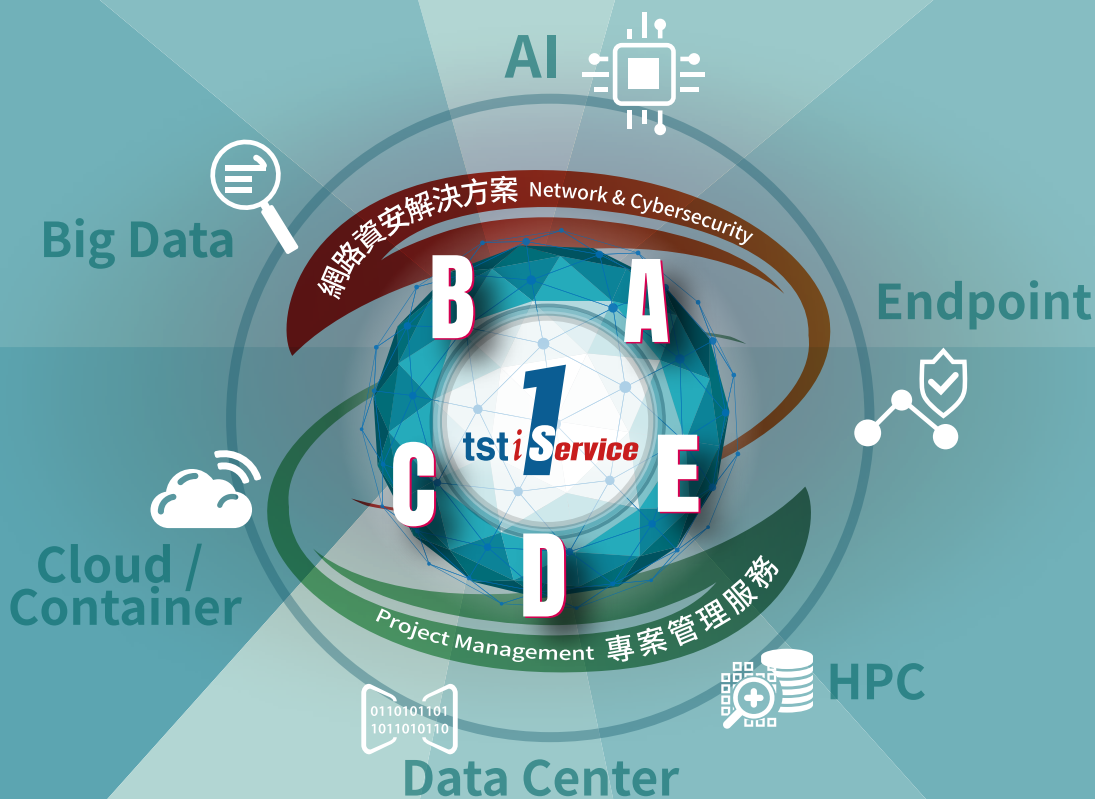


Shareholders Meeting will be held by means of : Physical Shareholders Meeting

MEETING TIME: 9:30 AM, 06 15, 2023

PLACE: No.22, Sec. 3, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)



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Tatung System Technologies Inc. (TSTI)

Procedure for the 2023 Annual Meeting of Shareholders

- I. Report the Number of Shares In Attendance
- II. Call the Meeting to Order
- III. Chairperson Remarks
- IV. Report Items
- V. Ratification Items
- VI. Discussion Items
- VII. Extemporaneous Motions
- VIII. Adjournment

Tatung System Technologies Inc. (TSTI)

Agenda of 2023 Annual Meeting of Shareholders

Time: Thursday, June 15, 2023 at 9:30 a.m.

Venue: No. 22, Sec. 3, Zhongshan N. Rd., Taipei City

Chairperson: Chairman Bo-Yen Shen

- I. Report the Number of Shares In Attendance
- II. Call the Meeting to Order
- III. Chairperson Remarks
- IV. Report Items
 - (1) The 2022 Business Report and Financial Statements.
 - (2) The Audit Committee's Review Report on the 2022 Financial Statements.
 - (3) The Report of 2022 Endorsement and Guarantee.
 - (4) The Report on the 2022 Compensation Distribution of Employees and Directors.
- V. Ratification Items
 - (1) Ratification of the 2022 Business Report and Financial Statements.
 - (2) Ratification of the Proposal for Distribution of 2022 Earnings.
- VI. Discussion Items
 - (1) Amendment of the "Articles of Incorporation."
 - (2) Amendment of the "Rules and Procedures of Shareholders' Meeting."
 - (3) Proposal of Release the Prohibition on Directors from Participation in Competitive Business.
- VII. Extemporaneous Motions
- VIII. Adjournment

[Report Items]

Proposal 1

The 2022 Business Report and Financial Statements.

Description: Please refer to Attachments 1 and 2 on pages 07–38 of this Handbook for the 2022 business report and financial statements.

Proposal 2

The Audit Committee's Review Report on the 2022 Financial Statements.

Description: For the Audit Committee's 2022 review report, please refer to Attachment 3 on page 39 of this Handbook.

Proposal 3

The Report of 2022 Endorsement and Guarantee.

Description: The Company's endorsements and guarantees as of December 31, 2022.

| Guaranteed party | Bank/Supplier | Amount |
|---|---|-------------------------|
| Chyun Huei Commercial Technologies Inc. | Land Bank of Taiwan Far Eastern International Bank | NT\$50,000 thousand |
| Tisnet Technology Inc. | Taishin International Bank Far Eastern International Bank Mega Bills Finance Co., Ltd. International Bills Finance Corporation | NT\$114,000 thousand |

Proposal 4

The Report on the 2022 Compensation Distribution of Employees and Directors.

Description: I. In accordance with the Company's Articles of Incorporation, a compensation distribution of \$18,500,000 for employees and a compensation distribution of \$3,937,333 for directors were provided for 2022. The amounts were recorded as company expenses and deducted from net profit before tax in 2022.

II. Compensation distribution of employees is paid in cash to employees who have been employed for at least one year.

[Ratification Items]

Proposal 1

Proposed by the Board

The Company's 2022 business report and financial statements (including parent company only and consolidated financial statements) are hereby presented for your adoption.

- Description:
- I. The Company's 2022 business report and financial statements (including parent company only and consolidated financial statements) have been reviewed and approved by the Board of Directors and reviewed by the Audit Committee.
 - II. Please refer to Attachment 1 on pages 07–18 of this Handbook for the 2022 business report and to Attachment 2 on pages 19–38 of this Handbook for the financial statements (including parent company only and consolidated financial statements) for 2022.
 - III. Your ratification will be appreciated.

Resolution:

Proposal 2

Proposed by the Board

The Company's 2022 earnings distribution proposal is hereby presented for your adoption.

- Description:
- I. For the Company's 2022 earnings distribution proposal, it is proposed to distribute cash dividends of NT\$154,980,000, or NT\$1.75 per share, to shareholders, except for the appropriation of legal reserve as required by law and the Articles of Incorporation.
 - II. Fractional cash dividends less than one NTD are unconditionally rounded off, and the sum of these fractional amounts less than one NTD is transferred to the Employee Welfare Committee of the Company.
 - III. The Board of Directors is authorized to set the ex-dividend date after the cash dividends proposal is approved by the annual meeting of shareholders.
 - IV. Please refer to Attachment 4 on page 40 of this Handbook for the earnings distribution table for 2022.
 - V. Your ratification will be appreciated.

Resolution:

[Discussion Items]

Proposal 1 Proposed by the Board
Amendment of the “Articles of Incorporation” are hereby presented for your discussion.

- Description: I. The Company intends to amend some provisions of the Articles of Incorporation for the purpose of business strategy and development planning.
- II. Please refer to Attachment 5 on page 41 of this Handbook for comparison of the “Articles of Incorporation” before and after amendments.
- III. Please discuss and resolve.

Resolution:

Proposal 2 Proposed by the Board
Amendment of the “Rules and Procedures of Shareholders’ Meeting” are hereby presented for your discussion.

- Description: I. According to the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” revised by Taipei Exchange dated March 23, 2023, the Company amended partial provisions of its Rules of Shareholders.
- II. Please refer to Attachment 6 on page 44 of this Handbook for comparison of the “Rules and Procedures of Shareholders’ Meeting” before and after amendments.
- III. Please discuss and resolve.

Resolution:

Proposal 3 Proposed by the Board
Proposal of Release the Prohibition on Directors from Participation in Competitive Business is hereby presented for your discussion.

- Description: I. In accordance with Article 209 of the Company Act, a director who performs acts for himself/herself or others that fall within the scope of the Company’s business shall describe the material content of his/her acts to the meeting of shareholders and obtain their permission.
- II. For the Company’s directors (including independent directors) and their representatives have investments in or operate other companies with business scopes related to or similar to the that of the Company, it is hereby to request the meeting of shareholders to agree that the Company’s directors (including independent directors) and their representatives may engage in acts for themselves or others that fall within the Company’s business scope, without being restricted by Article 209 of the Company Act.

III. The proposed release of directors (including independent directors) and their representatives from the non-competition restrictions is as follows:

| | |
|--|---|
| Directors who are permitted to engage in business competition | Corporate positions that are permitted to engage in business competition |
| Chairman: Tatung Company Corporate Representative Bo-Yen Shen | Executive Vice President, Tatung Company Chairman & President, Tatung Integrated Services Co., Ltd. Director, Tatung Medical & Healthcare Technologies Co., Ltd. |
| Director: Tatung Company Corporate Representative Chin-Lai Wang | President, Tatung Company Vice Chairman & President, Elitegroup Computer Systems Co., Ltd. Director, Tatung Consumer Products (Taiwan) Co, Ltd. Director, Tatung Forever energy Co., Ltd. Independent Director, LandMark Optoelectronics Corporation Independent Director, PCL Technologies Inc Independent Director, Metaage Corporation |
| Director: Tatung Company Corporate Representative Wen-Hung Huang | Director, Ausenior Information Co., Ltd. Director, Chyun Huei Commercial Technologies Inc. Director, Tisnet Technology Inc. Director, Tsti Technologies (Shanghai) Co., Ltd. |
| Director: Tatung Company Corporate Representative Chiu-Chan Hsu | Director, Chyun Huei Commercial Technologies Inc. |
| Independent Director: Huang-Chi Yeh | Independent Director, Forward Electronics Co., Ltd. Executive Director, MetaNano Inc. |
| Independent Director: Maw-In Tsai | Independent Director, Forward Electronics Co., Ltd. |

IV. Please discuss.

Resolution:

[Extemporary Motions]

[Adjournment]

Tatung System Technologies Inc. (TSTI)

2022 Business Report

In recent years, TSTI has been using digital technologies to assist government and enterprise users in digital transformation, innovating business models, improving operational efficiency and decision-making analysis, aiming to become their best digital transformation partner. In addition to providing integrated application services for information and communication systems, they are also committed to adding value to customer digital innovation.

In 2023, our management team will continue to focus on business areas such as ESG, smart healthcare, intelligent customer service innovation, AI platforms, container platforms, big data platforms, hybrid cloud solutions, network infrastructure and ICT security, and uninterrupted enterprise operation services. We will continue to increase the sales proportion of hybrid cloud solutions, software services, system integration professional services, and network security services. Our own brand software product development will focus on industry applications, aiming to become an Industry Domain SI. Currently, we have many successful customers in digital finance, smart manufacturing, smart healthcare, intelligent customer service, ESG, and energy management solutions. In the future, we will introduce advanced international software products and cloud technologies, integrate our own brand software products and services, and enhance product service competitiveness. We will expand our sales revenue and gross profit in the Software as a Service (SaaS) subscription and maintenance and management service.

With the support of our shareholders and directors, and the efforts of all our colleagues, we hope to continue to grow and create greater value for all shareholders.

I. 2022 Business Report

(I) Results of the business plan

The net consolidated operating revenue of the Company in 2022 was \$4,346,640 thousand with a growth of 1.75% compared to 2021; the net unconsolidated operating revenue was \$3,662,358 thousand with an increase of 1.22% compared to 2021. The net consolidated operating profit was \$194,851 thousand with a decrease of 9.00% compared to 2021; the net unconsolidated operating profit was \$170,221 thousand with a decrease of 6.27% compared to 2021. The net consolidated profit before tax in 2022 was \$220,007 thousand with an EPS before tax of \$2.48, and the net profit after tax was \$178,463 with an EPS after tax of \$2.02.

Unit: NTD thousands

| Item | Consolidated | | | Parent company only (TSTI) | | |
|-----------------------|--------------|-----------|----------|----------------------------|-----------|----------|
| | 2022 | 2021 | Change % | 2022 | 2021 | Change % |
| Net operating revenue | 4,346,640 | 4,271,883 | 1.75% | 3,662,358 | 3,618,049 | 1.22% |
| Operating cost | 3,454,793 | 3,382,438 | 2.14% | 2,873,950 | 2,839,921 | 1.20% |
| Gross profit | 891,847 | 889,445 | 0.27% | 788,408 | 778,128 | 1.32% |
| Operating expense | 696,996 | 675,325 | 3.21% | 618,187 | 596,529 | 3.63% |
| Operating benefit | 194,851 | 214,120 | (9.00%) | 170,221 | 181,599 | (6.27%) |
| Net profit before tax | 220,007 | 222,518 | (1.13%) | 214,494 | 213,852 | 0.30% |
| Net profit after tax | 178,463 | 178,279 | 0.10% | 178,463 | 178,279 | 0.10% |

Overview of significant business performance:

1. Business:

(1) Awards and sales qualifications for the brands in 2022:

- Awarded the HPE FY22 Best Licensed Service Provider Award and HPE FY22 Best Service Quality Award
- Awarded the HPE FY22 Premier Resale Partner, HPE FY22 Best Resale Partner, FY22 HPE Info Sight Special Contribution Award
- Awarded the Micro Focus 2022 Best Partner Award
- Awarded the HP FY22 Best Contribution Award for Business Channel Computer Systems
- Awarded the NetApp FY22 Solution Contribution Award
- Awarded the Lenovo FY21-22 Partner Awards for Best Enterprise Customer Sales
- Awarded the HPE FY21 Annual Contract Sales Excellence Award
- Awarded the HPE FY21 Best Delivery Partner Award
- Awarded the HPE FY21 Best Total Customer Experience Award
- Awarded the Avaya Partner Summit 2021 Award the Enterprise Partner of the Year

(2) Quality and service:

- Recognized by Fubon, Taishin, Yuanta, and other customers as a supplier with excellent performance in sustainability evaluation.

- Awarded the 2023 Smart City Innovation Application Award, 2022 ASOCIO ICT Application Award – ESG Sustainability Award, 2021 CSEA Customer Service Excellence Award – Best Intelligent System Provider by Taiwan Customer Service Center Development Association (TCCDA), Net Zero Summit & Digital Climate Action Award Hack4ClimateAction Digital Climate Action Award Titanium Level.
- Continued with the professional certifications, ISO 20000, ISO 27001, CMMI-L3, etc., ICT & AI Service Capacity of Technical Service Organization Accreditation by Industrial Development Bureau of the Ministry of Economic Affairs.

With these certificates and awards, the Company continues optimizing the management and service systems to establish a more complete information service system and build an information environment of high competitive strength together with the customers.

(3) Internal operating process:

The Company digitally optimized the operations of the existing core businesses and is dedicated to the transparency of information on order booking and sales forecast management, marketing management, lead management, project management, payment collection reminder, and follow-up of receivables, in the hope to build a modern platform that can fully display the whole picture of the data and help the departments improve their operation efficiency and quality. The Company implements Tableau, a commercial smart platform tool, and collects data of external competitors and environments for analysis using big data technologies to ensure more efficient development of operational strategies. The Company also collects internal finance, workforce, assets, and marketing data to improve the transparency of the internal information and enhance the management efficiency. The Robotic Process Automation (UiPath) is implemented to improve the efficiency through automation of the process. In response to the trend of telecommuting and mobile office, we introduced Microsoft's M365 cloud services, including Office Online, Microsoft Teams, Outlook Web App, OneDrive personal cloud storage, and SharePoint Online for establishing group communication sites, to enhance employee productivity and output value. For Hybrid Work, we have also introduced and used Cisco WebEx and Avaya Workplace platforms to provide employees with the flexibility to improve collaboration efficiency and operating speed, whether they are working in the office, at home, or on the go.

(4) Learning and growth of the employees

The development and growth of our employees is critical to the

success of the Company, and we encourage them to continue to learn and grow. Therefore, we are committed to providing a variety of training and learning resources, including internal training, external technical training, and learning and development programs. In addition, we have invested in and adopted newly introduced mobile learning systems to facilitate employee learning. We have also responded to the government's Corporate Human Resources Enhancement Program and received a six-figure government subsidy for two consecutive years to facilitate the professional development of our employees' ICT capabilities and the continuous improvement of their soft skills in management and services to refine the Company's competitiveness in service excellence. The Company also values employee relations and conducts satisfaction surveys from time to time to understand employees' needs and opinions. Based on the survey results, we will respond appropriately and initiate relevant improvement projects, and report the implementation results to the Company's management and employees to continuously promote the optimization of the organization.

(5) Happy workplace for the employees

We strive to be an ESG happy company model and take a variety of initiatives to ensure the happiness and satisfaction of our employees. First and foremost, the Company provides a quality work environment to promote employee satisfaction. In addition to the launch of the General Affairs Report for Repairs Cloud on the Company's APP, which allows employees to immediately respond to and optimize environmental issues, we are also working to optimize the environment in our Taipei, Taoyuan, Hsinchu, and Taichung offices. In addition, the Company provides employees with multiple career development opportunities, including regular employee training and development assessments through work plans to ensure continuous learning and growth, appropriate compensation and benefits to ensure employees' financial security, and new incentive programs to motivate sales related and non-sales related employees to challenge themselves for breakthroughs to improve the Company's profitability and increase employee motivation. In addition, the Company actively enhances the interaction with customers to ensure excellent customer experience, and builds and promotes its own service brand. Externally, the Company actively establishes good long-term relationships with customers and actively listens to customers' needs to maintain high customer satisfaction; internally, the Company builds a service management platform and regularly holds company-wide service consensus meetings to enable the Company to continuously improve service quality and launch high profit margin service products to create more professional and

superior customer experience. We expect our employees to continuously improve their customer experience on top of their economic security, and to continue to accumulate a sense of meaning and happiness at work, in order to achieve our goal of becoming an ESG happy company model.

2. Subsidiary – Chyun Huei Commercial Technologies Inc.

Chyun Huei Commercial Technologies Inc. specializes in the provisions of workstations, barcoders, and wide format printers with a full range of solutions and consulting services in related product areas. Chyun Huei is in a complementary relation with the mother company in terms of the business. It is positioned to perform an operational strategy focusing on the channel products, software, and professional output solutions that must be closed in a short period. Its sales is growing continuously.

3. Subsidiary – Tsti Technologies (Shanghai) Co., Ltd.

In addition to working with the mother company to strive for the information system integration business under the ICT projects for Taiwanese companies in both Taiwan and China, Tsti Technologies (Shanghai) Co., Ltd. is looking for new product agency and business models proactively to meet the demands of the IT industry in China for its expansion or transformation, with a view to starting afresh, seeking business opportunities and turning losses into profits.

4. Subsidiary – TISNet Technology Inc.:

TISNet Technology Inc. continues to leverage software resales to drive the provision of information security products, professional services, cloud services and other related software licenses and professional services, which actually drives overall revenue growth. In addition, the subsidiary has obtained the “Information Security Service Organization Energy Registration” from the Industrial Development Bureau, Ministry of Economic Affairs, and is actively negotiating for information security product resale businesses. The subsidiary continues to focus on six major information security services, including (1) information security testing service, (2) account security protection, (3) file security protection, (4) data security protection, (5) ransomware prevention, and (6) information security personnel training, to provide professional services and pursue business opportunities.

(II) Implementation status of budget: This is not applicable because the Company did not make the financial forecast public in 2022.

(III) Analysis of revenue and profitability

| Item | Consolidated | | Unconsolidated | |
|----------------------|--------------|---------|----------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Current ratio | 147.33% | 161.32% | 138.20% | 153.33% |
| Debt to assets ratio | 57.98% | 55.75% | 56.22% | 53.64% |
| Return on equity | 12.53% | 12.89% | 12.53% | 12.89% |
| Gross profit margin | 20.52% | 20.82% | 21.53% | 21.51% |
| Net Profit margin | 4.11% | 4.17% | 4.87% | 4.93% |
| EPS after tax | 2.02 | 2.01 | 2.02 | 2.01 |

(IV) Research and development:

This year, the two main focuses of innovation and R&D are the development of our own products and platform value-added services, to continue the foundation of our previous Mastercard product family and Smart Internet of Things platform.

- Tele-clinic system: Built on top of the Mastercard product family and in line with the demand for telemedicine in the post-COVID era, TSTI developed a tele-clinic system that can be installed in the cloud as a stand-alone system or integrated with existing HIS systems of hospitals through APIs. In addition to the basic functions required for remote outpatient clinic services, the virtual health insurance card and online payment functions are also integrated, allowing medical treatment to transcend the limits of distance through the power of technology.
- Medical big data and BI applications: Based on the FHIR protocol and in line with the TW Core IG standard set by Ministry of Health and Welfare, we apply the data lake and BI technology to create a common operation dashboard application for hospitals.
- Enterprise microservice operating platform: Combine the open source software of ecosystem, provide log management (ELK/EFK), performance monitoring (Prometheus), container management (Kubernetes/Rancher), agile development (Jenkins/Gitlab) and other functions to help enterprises build microservice operating platform.
- ESG zero-carbon integration management system: Apply smart Internet of Things platform, combine smart meters, energy management system and carbon emission calculation, providing

enterprises with visualization of energy consumption and carbon emission data, and building the foundation for enterprises to implement ESG.

II. External Competitive Environment, Regulatory Environment, and Macroeconomic Business Environment

The global economy in 2022 had been expected to continue to recover, but under the pressure of high inflation, high interest rates, pandemic viruses, city lockdowns and supply chain disruptions, and energy shortages caused by the war between Russia and Ukraine, the economy has receded significantly. In the outlook for 2023, with the U.S. raising interest rates and driving other countries to follow suit, the volatility will continue and spread to more countries, which will also affect the direction of national economies. The World Bank predicts that global GDP may only grow by 1.7% this year, and the International Finance Association (IIF) predicts that global economic growth may slow down significantly to 1.2%, while IMF revised its forecast in the World Economic Outlook report in January, predicting that the global economic growth rate will still be 2.9% in 2023 because inflation will slow down. In 2022, as Taiwan's economic performance is susceptible to the global political and economic situations, and has been revised downward successively since the outbreak of the war between Russia and Ukraine, although the economic growth was not as good as had been expected originally, the growth rate was still expected to exceed 3.00%. In 2022, as major economies raised interest rates to curb inflation, and manufacturing activity in a number of countries slowed down significantly, further affecting Taiwan's import and export and investment performance. Fortunately, the impact of the pandemic inside the country gradually subsided and domestic consumption and related industries had better performances. The Taiwan Institute of Economic Research (TIER) estimates that Taiwan's economic growth rate will be 2.91% in 2023; the Directorate General of Budget, Accounting and Statistics, Executive Yuan estimates 2.75%; and the Chung-Hua Institution for Economic Research estimates 2.72%.

In terms of ICT industry, MIC released its 2023 trend observation for ICT and software industry in 2022. For ICT, firstly, the global economic performance will "slow down and become more uncertain" in 2023, which will add challenges to market demand and business operations. Secondly, as emerging technologies evolve, they will drive a wide range of transformational and innovative developments, and making a presence in emerging applications with market potential (e.g. electric vehicles, net zero carbon emissions, or green economy) will drive medium- and long-term development; thirdly, in response to the accelerating changes in the internal and external environment, transformation for many industries is imperative. In the software industry, demand for software definitions is rising as vertical applications take hold; AI

continues to develop, accelerating the adoption of enterprise applications; geopolitical impact accelerates the application of cloud and supply chain information security; CSR is on the rise, and ESG plays a key role in sustainable investment. Lastly, in addition to digital transformation, operating resilience has become a competitive issue for enterprises.

III. Overview of 2023 Business Plan

Subject to the impact of the aforementioned tendencies, the Company has established the strategic policies and operating plans for 2023 with the major points described below:

(I) Formation of a synergistic teamwork structure with the subsidiaries:

1. In 2023, the structure of the organization will be adjusted and integrated into System Integration Business Group (SIG), System Services Center (SSC), Smart Communications Business Group (SCBG), Digital Application Business Group (DAG), Product Marketing & PSO Center (PMSC), and Digital Innovation Center (DIC). Each business group and business center is operated as an independent profit center. In addition to focusing on their core business, they also promote inter-segment integrated sales to leverage the overall value of the Company to help customers receive complete digital infrastructure integration services and digital application solution services, and to create higher customer value and customer sales for the Company.
2. In addition to continuing to provide professional workstation services, extending the product resales in their width and depth, Chyun Hwei Commercial Technologies will establish good relationship with the manufacturers, enhance the deployment and management of the distributors, build a sound collaboration mechanism, provide enhanced smart system services, and upgrade the e-commerce service platform (www.bingle.com.tw) to provide the best services. It will combine the products and solutions with the domestic virtual shopping platforms for joint marketing to improve the business performance.
3. Based on the existing ISP/IDC operation and maintenance services, TISNet Technology will extend to the development of systems and websites and provision of value-added cloud resource services. It will focus on the compliance of the corporate intranet with the information security regulations and the six information security services (information security inspection service, account security protection, documentation security protection, data security protection, defense against ransomware, and training courses of information security) to attract more corporate customers.
4. TSTI Technologies (Shanghai) will establish business relationship with Openfind and UPAS actively to act as an agent of their products in China.

It will introduce new products to increase the growth points, develop new markets, and acquire more sources of customers for the revenue and gross profit of the company.

The synergistic teamwork structure formed by TSTI and our subsidiaries aims to occupy more market shares collaboratively and separately in the fields of integration of IC systems, value-added applications in digital transformation, professional services, distribution and operation, cloud services, and overseas business.

(II) Focus on strategies to enhance the foundation and growth

1. Devote time and effort to Power Accounts and lay the strategic groundwork for large projects: The Company will set up full-time positions for account managers and technology and service personnel to assist customers in digital transformation, meet their IC application and integration demands, and increase the revenue and gross profit with the support of a cross-department marketing mechanism.
2. Strengthen the development of industry Domain SI: Provide core solutions for each industry, and continue to provide the best solutions and satisfactory services to customers.
 - Digital finance: Provide ESG solution, microservice container platform, big data platform, intelligent communication customer service application, and information and communication security protection to help enterprises build flexible application platform for fintech. Based on the concept of sustainable green digital finance, TSTI combines with customers, and third-party application developers to form an industry ecosystem value, and leverage the power of the ecosystem to provide innovative solutions and services.
 - Smart manufacturing: We will assist companies in collecting the data of production lines using the AIoT and big data platform technology, and combine the ERP, MES and other back-end systems to perform real-time monitoring of the production status online using the AI/ML data analysis technology. Besides this, we will build a foundation for the long-term data analysis and assist customers with improvement of production efficiency and yield rate. We also provide AI+RPA solution, integrating AI and iRPA (industry RPA) to create high output value and reduce error rate.
 - Smart medical care: Provide ten smart medical care solutions, including BI big data, next-generation HIS container platform, telemedicine, e-commerce procurement network, energy management, and smart toilets, and continue to develop FHIR as a data center application service framework for data exchange and integration to establish a platform for medical application service

integration, cross-branch and cross-hospital data exchange.

- Smart customer service: We will integrate applications by combining the speech recognition, semantic analysis, smart search, and other advanced AI technologies with social media to meet the customers' needs for building an omni-channel service center of the next generation. The contact center system of the new generation will be structured on the cloud. It will have omni-channel (phone, social media, email, etc.) integration, make use of the AI technology, and integrate big data applications to achieve better customer experience and provide innovative customer service models for higher service efficiency.
3. The Digital Innovation R&D Department continues to develop new products and invest in advanced cloud technologies: The dedicated Digital Innovation Technology Center keeps abreast of the trend of digital innovation and the development of advanced software and cloud technologies, sets short-, medium- and long-term development direction of our own brand software, innovates and develops industrial applications, so as to make us the best partner for the industry's digital transformation. Accelerate the productization of our own software, replicate successful industrial applications to expand market shares, and effectively increase gross profit margin and operating revenue.
 4. Innovative application adoption: Continue to create solutions and services based on advanced hybrid cloud technologies, and build Cloud SI and MSP business models of IaaS, PaaS, SaaS. Expand the businesses of software resales and private brand software, provide AI information security, ESG zero carbon energy management, smart customer service industry applications, and smart medical solutions.

(III) Continue to strengthen internal management digitalization.

The operations of the Company will be digitized by integrating all the information systems within the Company, such as CRM (Customer Relationship Management), ERP (Enterprise Resource Planning), BPM (Electronic Sign-off System), KM (Knowledge Management), EIP (Enterprise Information Portal), PISP (Payment Initiation Service Provider) and tiCC (Omni-Channel Contact Center). This way, all the information flows of the Company will be smoother and smarter to hopefully ensure provision of more effective operational information and improvement of overall operation efficiency and quality. The Company will connect the performance, competency, and knowledge management with the education and training of talents and conduct this connection effectively, in order to implement and follow up the talent identification, implementation of KPI, internal job rotation, performance coaching, and technology inheritance mechanisms.

(IV) Future direction of software development:

The focus of this year's innovation and development is to enhance the application in the field, and to apply the mature technologies (including artificial intelligence, big data, and microservices) to the practical fields, especially the smart medical care, will be the focus of innovation and development this year.

The digital transformation of medical care systems is accelerating in the post-COVID era, and as related regulations are gradually relaxed, medical information systems will face significant changes. This includes telemedicine, cloud-based electronic medical records, FHIR becoming an electronic medical record standard, and the promotion of next-generation medical systems. These changes represent in the foreseeable future, the medical information ecosystem will undergo significant changes. The technology at the heart of these changes is FHIR. The following describes the direction of the Company's investment and our expectations:

1. The FHIR standard is used for data exchange in remote outpatient system, so that the related systems can be connected to the rest of the world.
2. We will train our FHIR professional talents by reselling products and open source software. Technology development will include IG (Implementation Guide) development, FHIR application development, and FHIR data transfer. Achieve a leading position in the industry in accordance with national policies.
3. Build a big data platform and next-generation medical system with FHIR at the core. Since FHIR will become the standard for medical data model, the related system applications will be applicable to all hospitals without the need to start from scratch for each hospital system as in the past.
4. Develop FHIR ecosystem related applications, As technology continues to develop, new products and applications will be created, including wearable devices, and video. The development of related applications based on FHIR will become the focus of future digital medical care.

IV. Future Development Strategies of the Company

Our company's development direction still adheres to the core values of innovation, service, team, and integrity in treating employees, suppliers, customers, and shareholders. We pursue long-term growth in company revenue and profit through a stable and balanced operating model every year.

In response to the impact of rapid changes in industry demand and technology, our company continues to strengthen our advanced technology capabilities and invest in developing marketable proprietary software. We are also rapidly developing hybrid cloud solution services, actively developing

industry ecosystem partnerships, and evaluating investment targets that complement our business. We aim to strengthen external industry chain ecosystem integration in a flexible and fast manner to enhance infrastructure solutions, customer service, and software application integration sales. Our goal is to become a leading provider of ICT integration services and the most competitive digital and digital transformation system integration service company in Taiwan.

Chairman: Bo-Yen Shen

President: Wen-Hung Huang

Accounting Manager: Chiu-Chan Hsu



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Independent Auditors' Report

To the Board of Directors of TATUNG SYSTEM TECHNOLOGIES INC.:

Opinion

We have audited the financial statements of TATUNG SYSTEM TECHNOLOGIES INC. (“the Company”), which comprise the balance sheet as of December 31, 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue Recognition

Please refer to Note 4(n) for the accounting principles on revenue recognition and Note 6(s) for the description on revenue recognition.

(a) Description of the key audit matter:

The main source of revenue of the Company was from the goods and labor services, since the products sold are mainly servers, storage devices, software and other commodities, revenue is recognized when the buyer accepts the delivery or when the installation and acceptance are completed. Because the sales contracts of some large-scale projects include various types of goods and services, such as computers, peripheral devices, software, and maintenance, it is necessary to determine the performance obligation and the applicable methods of revenue recognition. Therefore, the test of revenue recognition is one of the key audit matters.

(b) Audit procedures performed:

The main audit procedures of the key audit matter mentioned above include:

- Understanding and testing the design and implementation of internal controls for the sale cycle.
- Sampling the original order or contract and shipment receipt, reviewing the transaction terms in order to evaluate whether the revenue recognition complies with the relevant standards.
- Performing a reconciliation of various vouchers before and after the balance sheet date in order to determine the appropriate period for sales revenue recognizing in the financial statements.

2. Inventory

Please refer to Note 4(g) for the accounting principles on inventory and Note 6(g) for the inventory details and description on inventory.

(a) Description of the key audit matter:

The inventory of the Company is an important asset for its operation. As of December 31, 2022, the net carrying value of inventory was \$754,939 thousand, accounting for 23% of the total assets. Since inventory is a key component of the Company's assets and the amount is considered material. Therefore, the existence of inventory is one of the key audit matters.

(b) Audit procedures performed:

The main audit procedures of the key audit matter mentioned above include:

- Understanding and testing the design and implementation of internal controls over the buying cycle.
- Selecting samples for taking inventory.
- For the inventory that has been delivered to the customer at the end of the period and has not yet been completed for acceptance, we tested whether the inventory received the delivery order signed by the customer, selected orders or contracts to examine the trading conditions.

Other Matter

The financial statements of the Company as of and for the year ended December 31, 2021, were audited by other auditors and issued unmodified opinions with other matter paragraphs at March 3, 2022.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Ting Huang and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2023

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC.

Non-Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

| Assets | December 31, 2022 | | December 31, 2021 | | |
|----------------------------|--|---------------------|-------------------|------------------|------------|
| | Amount | % | Amount | % | |
| Current assets: | | | | | |
| 1100 | Cash and cash equivalents (Note 6(a)) | \$ 458,776 | 14 | 491,310 | 16 |
| 1136 | Financial assets measured at amortized cost, current (Notes 6(c) and 8) | 21,009 | 1 | 65,968 | 2 |
| 1140 | Contract assets, current (Notes 6(s), (v) and 7) | 233,020 | 7 | 367,302 | 12 |
| 1150 | Notes receivable, net (Note 6(d)) | 14,809 | 1 | 4,140 | - |
| 1170 | Accounts receivable, net (Note 6(d)) | 710,966 | 22 | 474,775 | 16 |
| 1180 | Accounts receivable—related parties, net (Notes 6(d), 7 and 8) | 66,401 | 2 | 90,651 | 3 |
| 1196 | Operating lease receivable, net (Notes 6(e), (v) and 7) | 9,266 | - | 19,058 | 1 |
| 1197 | Finance lease receivable, net (Notes 6(f), (v) and 7) | 10,361 | - | 16,951 | 1 |
| 1200 | Other receivables (Note 6(v)) | 926 | - | 170 | - |
| 130X | Inventories (Note 6(g)) | 754,939 | 23 | 564,478 | 18 |
| 1410 | Prepayments | 13,988 | - | 27,906 | 1 |
| | Total current assets | <u>2,294,461</u> | <u>70</u> | <u>2,122,709</u> | <u>70</u> |
| Non-current assets: | | | | | |
| 1510 | Financial assets at fair value through profit or loss, non-current (Note 6(b)) | 18,200 | 1 | - | - |
| 1535 | Financial assets measured at amortized cost, non-current (Notes 6(c) and 8) | 57,094 | 2 | 36,859 | 1 |
| 1550 | Investments accounted for using equity method (Note 6(h)) | 233,304 | 7 | 233,059 | 8 |
| 1560 | Contract assets, non-current (Notes 6(s), (v) and 7) | 96,732 | 3 | 185,307 | 6 |
| 1600 | Property, plant and equipment (Note 6(i)) | 79,839 | 2 | 99,241 | 3 |
| 1755 | Right-of-use assets (Notes 6(j) and 7) | 132,217 | 4 | 156,167 | 5 |
| 1780 | Intangible assets (Note 6(k)) | 6,132 | - | 7,195 | - |
| 1840 | Deferred tax assets (Note 6(p)) | 28,918 | 1 | 42,224 | 1 |
| 1920 | Refundable deposits (Note 7) | 98,417 | 3 | 82,277 | 3 |
| 1932 | Long-term receivables, net (Notes 6(d) and 7) | 219,301 | 7 | 75,689 | 3 |
| 194D | Long-term finance lease receivable, net (Notes 6(f), (v) and 7) | 8,315 | - | 11,955 | - |
| | Total non-current assets | <u>978,469</u> | <u>30</u> | <u>929,973</u> | <u>30</u> |
| | Total assets | <u>\$ 3,272,930</u> | <u>100</u> | <u>3,052,682</u> | <u>100</u> |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC.
Non-Consolidated Balance Sheets (CONT'D)
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollar)

| | | <u>December 31, 2022</u> | | <u>December 31, 2021</u> | |
|---|--|--------------------------|------------|--------------------------|------------|
| | | Amount | % | Amount | % |
| Liabilities and Equity | | | | | |
| Current liabilities: | | | | | |
| 2100 | Short-term loans (Note 6(l)) | \$ 240,000 | 7 | 50,000 | 2 |
| 2110 | Short-term notes and bills payable (Note 6(m)) | 59,978 | 2 | - | - |
| 2130 | Contract liabilities, current (Notes 6(s) and 7) | 132,065 | 4 | 73,466 | 2 |
| 2150 | Notes payable | 2,871 | - | 2,192 | - |
| 2170 | Accounts payable | 854,274 | 26 | 850,697 | 28 |
| 2180 | Accounts payable—related parties (Note 7) | 21,484 | 1 | 9,056 | - |
| 2200 | Other payables (Notes 6(q) and 7) | 218,975 | 7 | 222,797 | 7 |
| 2230 | Current tax liabilities (Note 6(p)) | 25,202 | 1 | 37,791 | 1 |
| 2250 | Provisions, current | 241 | - | 465 | - |
| 2280 | Lease liabilities, current (Notes 6(n) and 7) | 98,670 | 3 | 112,505 | 4 |
| 2300 | Other current liabilities | <u>6,475</u> | <u>-</u> | <u>25,479</u> | <u>1</u> |
| | Total current liabilities | <u>1,660,235</u> | <u>51</u> | <u>1,384,448</u> | <u>45</u> |
| Non-Current liabilities: | | | | | |
| 2570 | Deferred tax liabilities (Note 6(p)) | 715 | - | - | - |
| 2580 | Lease liabilities, non-current (Notes 6(n) and 7) | 59,772 | 2 | 111,746 | 4 |
| 2610 | Long-term payables | 30,000 | 1 | 87,751 | 3 |
| 2620 | Long-term payables—related parties (Note 7) | 35,949 | 1 | - | - |
| 2640 | Net defined benefit liabilities, non—current (Note 6(o)) | 53,240 | 1 | 53,119 | 2 |
| 2645 | Guarantee deposits received (Note 7) | <u>231</u> | <u>-</u> | <u>474</u> | <u>-</u> |
| | Total non-current liabilities | <u>179,907</u> | <u>5</u> | <u>253,090</u> | <u>9</u> |
| | Total liabilities | <u>1,840,142</u> | <u>56</u> | <u>1,637,538</u> | <u>54</u> |
| Equity attributable to owners of parent (Note 6(q)): | | | | | |
| 3110 | Common stock | 885,600 | 27 | 885,600 | 29 |
| 3200 | Capital surplus | 80,092 | 2 | 80,092 | 2 |
| Retained earnings: | | | | | |
| 3310 | Legal reserve | 283,678 | 9 | 265,401 | 9 |
| 3320 | Special reserve | 3,978 | - | 3,896 | - |
| 3350 | Unappropriated earnings | <u>183,348</u> | <u>6</u> | <u>184,133</u> | <u>6</u> |
| | Total retained earnings | <u>471,004</u> | <u>15</u> | <u>453,430</u> | <u>15</u> |
| 3400 | Other equity | <u>(3,908)</u> | <u>-</u> | <u>(3,978)</u> | <u>-</u> |
| | Total equity | <u>1,432,788</u> | <u>44</u> | <u>1,415,144</u> | <u>46</u> |
| | Total liabilities and equity | <u>\$ 3,272,930</u> | <u>100</u> | <u>3,052,682</u> | <u>100</u> |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC.

Non-Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar , except for Earnings Per Share)

| | 2022 | | 2021 | |
|--|-------------------|-----------|------------------|-----------|
| | Amount | % | Amount | % |
| 4000 Operating revenues (Notes 6(s) and 7) | \$ 3,662,358 | 100 | 3,618,049 | 100 |
| 5000 Operating costs (Notes 6(g) and 7) | <u>2,873,950</u> | <u>78</u> | <u>2,839,921</u> | <u>79</u> |
| 5950 Gross profit | <u>788,408</u> | <u>22</u> | <u>778,128</u> | <u>21</u> |
| 6000 Operating expenses (Notes 6(d), (o), (t) and 7): | | | | |
| 6100 Selling expenses | 399,562 | 11 | 369,876 | 10 |
| 6200 Administrative expenses | 134,161 | 4 | 152,801 | 4 |
| 6300 Research and development expenses | 84,327 | 2 | 73,922 | 2 |
| 6450 Expected credit losses (gains) | <u>137</u> | <u>-</u> | <u>(70)</u> | <u>-</u> |
| Total operating expenses | <u>618,187</u> | <u>17</u> | <u>596,529</u> | <u>16</u> |
| 6900 Net operating income | <u>170,221</u> | <u>5</u> | <u>181,599</u> | <u>5</u> |
| 7000 Non-operating income and expenses (Notes 6(h), (u) and 7): | | | | |
| 7100 Interest income | 6,327 | - | 4,330 | - |
| 7010 Other income | 14,613 | - | 5,651 | - |
| 7020 Other gains and losses | 6,185 | - | (1,577) | - |
| 7050 Finance costs | (2,588) | - | (1,272) | - |
| 7070 Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method | <u>19,736</u> | <u>1</u> | <u>25,121</u> | <u>1</u> |
| Total non-operating income and expenses | <u>44,273</u> | <u>1</u> | <u>32,253</u> | <u>1</u> |
| 7900 Profit from continuing operations before tax | 214,494 | 6 | 213,852 | 6 |
| 7950 Less: Income tax expenses (Note 6(p)) | <u>36,031</u> | <u>1</u> | <u>35,573</u> | <u>1</u> |
| Net income | <u>178,463</u> | <u>5</u> | <u>178,279</u> | <u>5</u> |
| 8300 Other comprehensive (loss) income: | | | | |
| 8310 Items that may not be reclassified subsequently to profit or loss | | | | |
| 8311 Gains (losses) on remeasurements of defined benefit plans | (1,581) | - | 5,476 | - |
| 8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified | (216) | - | 109 | - |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | <u>316</u> | <u>-</u> | <u>(1,095)</u> | <u>-</u> |
| Total items that may not be reclassified subsequently to profit or loss | <u>(1,481)</u> | <u>-</u> | <u>4,490</u> | <u>-</u> |
| 8360 Items that may be reclassified subsequently to profit or loss | | | | |
| 8380 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | 70 | - | (82) | - |
| 8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total items that may be reclassified subsequently to profit or loss | <u>70</u> | <u>-</u> | <u>(82)</u> | <u>-</u> |
| 8300 Other comprehensive (loss) income | <u>(1,411)</u> | <u>-</u> | <u>4,408</u> | <u>-</u> |
| Total comprehensive income | <u>\$ 177,052</u> | <u>5</u> | <u>182,687</u> | <u>5</u> |
| Basic earnings per share (NT dollars) (Note 6(r)) | | | | |
| Basic earnings per share | <u>\$ 2.02</u> | | <u>2.01</u> | |
| Diluted earnings per share | <u>\$ 2.00</u> | | <u>2.00</u> | |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC.

Non-Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollar)

| | Retained Earnings | | | | | Other Equity | Total Equity |
|---|-------------------|-----------------|---------------|-----------------|-------------------------|--|--------------|
| | Common Stock | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translation of Foreign Operations Financial Statements | |
| Balance on January 1, 2021 | \$ 885,600 | 80,092 | 252,049 | 4,069 | 134,099 | (3,896) | 1,352,013 |
| Net income for the year ended December 31, 2021 | - | - | - | - | 178,279 | - | 178,279 |
| Other comprehensive income for the year ended December 31, 2021 | - | - | - | - | 4,490 | (82) | 4,408 |
| Total comprehensive income for the year ended December 31, 2021 | - | - | - | - | 182,769 | (82) | 182,687 |
| Appropriation and distribution of retained earnings: | | | | | | | |
| Legal reserve | - | - | 13,352 | - | (13,352) | - | - |
| Cash dividends | - | - | - | - | (119,556) | - | (119,556) |
| Special reserve | - | - | - | (173) | 173 | - | - |
| Balance on December 31, 2021 | 885,600 | 80,092 | 265,401 | 3,896 | 184,133 | (3,978) | 1,415,144 |
| Net income for the year ended December 31, 2022 | - | - | - | - | 178,463 | - | 178,463 |
| Other comprehensive income for the year ended December 31, 2022 | - | - | - | - | (1,481) | 70 | (1,411) |
| Total comprehensive income for the year ended December 31, 2022 | - | - | - | - | 176,982 | 70 | 177,052 |
| Appropriation and distribution of retained earnings: | | | | | | | |
| Legal reserve | - | - | 18,277 | - | (18,277) | - | - |
| Special reserve | - | - | - | 82 | (82) | - | - |
| Cash dividends | - | - | - | - | (159,408) | - | (159,408) |
| Balance on December 31, 2022 | \$ 885,600 | 80,092 | 283,678 | 3,978 | 183,348 | (3,908) | 1,432,788 |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TATUNG SYSTEM TECHNOLOGIES INC.**Statements of Non-Consolidated Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollar)**

| | <u>2022</u> | <u>2021</u> |
|--|------------------|----------------|
| Cash flows from (used in) operating activities: | | |
| Profit before tax | \$ 214,494 | 213,852 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 130,654 | 112,389 |
| Amortization expense | 3,732 | 2,378 |
| Expected credit loss (gain) | 137 | (70) |
| Interest expense | 2,588 | 1,272 |
| Interest income | (6,327) | (4,330) |
| Dividend income | (840) | - |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | (19,736) | (25,121) |
| Gain on disposal of property, plan and equipment | (1,777) | (15) |
| Gain on disposal of other assets | (219) | (1) |
| Total adjustments to reconcile profit (loss) | <u>108,212</u> | <u>86,502</u> |
| Changes in operating assets and liabilities: | | |
| Contract assets | 222,857 | (186,128) |
| Notes receivable | (10,669) | (2,696) |
| Accounts receivable | (236,328) | (17,870) |
| Accounts receivable–related parties | 24,250 | (15,461) |
| Operating lease receivable | 9,792 | (4,462) |
| Finance lease receivable | 10,305 | 3,289 |
| Other receivables | (688) | 51 |
| Inventories | (223,251) | (35,442) |
| Prepayments | 13,918 | 3,151 |
| Long-term receivables | (143,612) | (48,983) |
| Long-term finance lease receivable | 3,640 | 5,697 |
| Contract liabilities | 58,599 | 20,063 |
| Notes payable | 679 | (32,023) |
| Accounts payable | 3,577 | 208,194 |
| Accounts payable–related parties | 12,428 | 482 |
| Other payables | (4,985) | 22,685 |
| Other current liabilities | (19,228) | 17,936 |
| Net defined benefit liabilities | (1,460) | (3,572) |
| Other operating liabilities | (21,802) | 87,751 |
| Total adjustments | <u>(193,766)</u> | <u>109,164</u> |
| Cash generated from operations | 20,728 | 323,016 |
| Income taxes paid | (34,283) | (27,129) |
| Net cash flows from (used in) operating activities | <u>(13,555)</u> | <u>295,887</u> |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC.

Statements of Non-Consolidated Cash Flows (CONT'D)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

| | 2022 | 2021 |
|--|-------------------|----------------|
| Cash flows from (used in) investing activities: | | |
| Acquisition of financial assets measured at amortized cost | (82,632) | (209,433) |
| Disposal of financial assets measured at amortized cost | 107,356 | 160,024 |
| Acquisition of financial assets at fair value through profit or loss | (18,200) | - |
| Acquisition of property, plant and equipment | (10,715) | (18,906) |
| Disposal of property, plant and equipment | 10,634 | 27 |
| Increase in refundable deposits | (16,140) | (6,235) |
| Acquisition of intangible assets | (2,669) | (6,841) |
| Interest received | 6,259 | 4,282 |
| Dividends received | 20,185 | 7,121 |
| Net cash flows from (used in) investing activities | 14,078 | (69,961) |
| Cash flows from (used in) financing activities: | | |
| Increase in short-term loans | 190,000 | - |
| Increase in short-term notes and bills payable | 59,978 | - |
| Decrease in guarantee deposits received | (243) | (34) |
| Payment of lease liabilities | (121,062) | (58,736) |
| Cash dividends paid | (159,408) | (119,556) |
| Interest paid | (2,322) | (1,245) |
| Net cash flows from (used in) financing activities | (33,057) | (179,571) |
| Net (decrease) increase in cash and cash equivalents | (32,534) | 46,355 |
| Cash and cash equivalents at beginning of period | 491,310 | 444,955 |
| Cash and cash equivalents at end of period | \$ 458,776 | 491,310 |

See accompanying notes to parent company only financial statements.



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of TATUNG SYSTEM TECHNOLOGIES INC.:

Opinion

We have audited the consolidated financial statements of TATUNG SYSTEM TECHNOLOGIES INC. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue Recognition

Please refer to Note 4(p) for the accounting principles on revenue recognition and Note 6(s) for the description on revenue recognition.

(a) Description of the key audit matter:

The main source of revenue of the Group was from the goods and labor services, since the products sold are mainly servers, storage devices, software and other commodities, revenue is recognized when the buyer accepts the delivery or when the installation and acceptance are completed. Because the sales contracts of some large-scale projects include various types of goods and services, such as computers, peripheral devices, software, and maintenance, it is necessary to determine the performance obligation and the applicable methods of revenue recognition. Therefore, the test of revenue recognition is one of the key audit matters.

(b) Audit procedures performed:

The main audit procedures of the key audit matter mentioned above include:

- Understanding and testing the design and implementation of internal controls for the sales cycle.
- Sampling the original order or contract and shipment receipt, reviewing the transaction terms in order to evaluate whether the revenue recognition complies with the relevant standards.
- Performing a reconciliation of various vouchers before and after the balance sheet date in order to determine the appropriate period for sales revenue recognition in the financial statements.

2. Inventory

Please refer to Note 4(i) for the accounting principles on inventory and Note 6(g) for the inventory details and description on inventory.

(a) Description of the key audit matter:

The inventory of the Group is an important asset for its operation. As of December 31, 2022, the net carrying value of inventory was \$813,313 thousand, accounting for 24% of the total assets. Since inventory is a key component of the Group's assets and the amount is considered material. Therefore, the existence of inventory is one of the key audit matters.

(b) Audit procedures performed:

The main audit procedures of the key audit matter mentioned above include:

- Understanding and testing the design and implementation of internal controls over the buying cycle.
- Selecting samples for taking inventory.
- For the inventory that has been delivered to the customer at the end of the period and has not yet been completed for acceptance, we tested whether the inventory received the delivery order signed by the customer, selected orders or contracts to examine the trading conditions.

Other Matter

The consolidated financial statements of the Group as of and for the year ended December 31, 2021, were audited by other auditors and issued unmodified opinions with other matter paragraphs at March 3, 2022.

TATUNG SYSTEM TECHNOLOGIES INC. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we and other auditors have issued an unmodified opinion with other matter paragraphs.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Ting Huang and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

| | December 31, 2022 | | December 31, 2021 | | |
|----------------------------|--|---------------------|--------------------------|------------------|------------|
| | Amount | % | Amount | % | |
| Assets | | | | | |
| Current assets: | | | | | |
| 1100 | Cash and cash equivalents (Note 6(a)) | \$ 585,499 | 17 | 626,894 | 20 |
| 1136 | Financial assets measured at amortized cost, current (Notes 6(c) and 8) | 51,394 | 2 | 73,075 | 2 |
| 1140 | Contract assets, current (Notes 6(s), (v) and 7) | 238,505 | 7 | 375,421 | 12 |
| 1150 | Notes receivable, net (Note 6(d)) | 32,793 | 1 | 36,605 | 1 |
| 1170 | Accounts receivable, net (Note 6(d)) | 804,797 | 24 | 563,010 | 18 |
| 1180 | Accounts receivable—related parties, net (Notes 6(d), 7 and 8) | 74,081 | 2 | 45,212 | 2 |
| 1196 | Operating lease receivable, net (Notes 6(e), (v) and 7) | 9,586 | - | 19,292 | - |
| 1197 | Finance lease receivable, net (Notes 6(f), (v) and 7) | 11,354 | - | 18,281 | - |
| 1200 | Other receivables (Note 6(v)) | 970 | - | 181 | - |
| 130X | Inventories (Note 6(g)) | 813,313 | 24 | 647,975 | 20 |
| 1410 | Prepayments | <u>18,218</u> | <u>-</u> | <u>51,150</u> | <u>2</u> |
| | Total current assets | <u>2,640,510</u> | <u>77</u> | <u>2,457,096</u> | <u>77</u> |
| Non-current assets: | | | | | |
| 1510 | Financial assets at fair value through profit or loss, non-current (Note 6(b)) | 18,200 | - | - | - |
| 1535 | Financial assets measured at amortized cost, non-current (Notes 6(c) and 8) | 57,094 | 2 | 37,387 | 1 |
| 1550 | Investments accounted for using equity method (Note 6(h)) | 4,583 | - | 4,336 | - |
| 1560 | Contract assets, non-current (Notes 6(s), (v) and 7) | 96,732 | 3 | 185,307 | 6 |
| 1600 | Property, plant and equipment (Note 6(i)) | 91,423 | 3 | 115,590 | 4 |
| 1755 | Right-of-use assets (Notes 6(j) and 7) | 135,757 | 4 | 162,294 | 5 |
| 1780 | Intangible assets (Note 6(k)) | 6,177 | - | 7,595 | - |
| 1840 | Deferred tax assets (Note 6(p)) | 30,160 | 1 | 43,606 | 1 |
| 1920 | Refundable deposits (Note 7) | 93,132 | 3 | 85,686 | 3 |
| 1931 | Long-term notes receivable, net (Note 6(d)) | 770 | - | 1,583 | - |
| 1932 | Long-term receivables, net (Notes 6(d) and 7) | 225,208 | 7 | 83,449 | 3 |
| 194D | Long-term finance lease receivable, net (Notes 6(f), (v) and 7) | <u>9,728</u> | <u>-</u> | <u>14,271</u> | <u>-</u> |
| | Total non-current assets | <u>768,964</u> | <u>23</u> | <u>741,104</u> | <u>23</u> |
| | Total assets | <u>\$ 3,409,474</u> | <u>100</u> | <u>3,198,200</u> | <u>100</u> |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Balance Sheets (CONT'D)

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

| | | December 31, 2022 | | December 31, 2021 | |
|---|--|---------------------|------------|-------------------|------------|
| | | Amount | % | Amount | % |
| Liabilities and Equity | | | | | |
| Current liabilities: | | | | | |
| 2100 | Short-term loans (Note 6(l)) | \$ 240,000 | 7 | 50,000 | 2 |
| 2110 | Short-term notes and bills payable (Note 6(m)) | 59,978 | 2 | - | - |
| 2130 | Contract liabilities, current (Notes 6(s) and 7) | 136,573 | 4 | 78,939 | 2 |
| 2150 | Notes payable | 2,871 | - | 5,775 | - |
| 2170 | Accounts payable | 948,540 | 27 | 942,831 | 29 |
| 2180 | Accounts payable—related parties (Note 7) | 18,320 | 1 | 3,204 | - |
| 2200 | Other payables (Notes 6(q) and 7) | 245,757 | 7 | 253,183 | 8 |
| 2230 | Current tax liabilities (Note 6(p)) | 30,512 | 1 | 46,446 | 2 |
| 2250 | Provisions, current | 241 | - | 465 | - |
| 2280 | Lease liabilities, current (Notes 6(n) and 7) | 102,088 | 3 | 115,887 | 4 |
| 2300 | Other current liabilities | <u>7,395</u> | - | <u>26,400</u> | <u>1</u> |
| | Total current liabilities | <u>1,792,275</u> | <u>52</u> | <u>1,523,130</u> | <u>48</u> |
| Non-Current liabilities: | | | | | |
| 2570 | Deferred tax liabilities (Note 6(p)) | 715 | - | - | - |
| 2580 | Lease liabilities, non-current (Notes 6(n) and 7) | 59,772 | 2 | 114,398 | 3 |
| 2610 | Long-term payable | 30,000 | 1 | 87,751 | 3 |
| 2620 | Long-term payable—related parties (Note 7) | 35,949 | 1 | - | - |
| 2640 | Net defined benefit liabilities, non-current (Note 6(o)) | 57,663 | 2 | 57,249 | 2 |
| 2645 | Guarantee deposits received (Note 7) | <u>312</u> | - | <u>528</u> | - |
| | Total non-current liabilities | <u>184,411</u> | <u>6</u> | <u>259,926</u> | <u>8</u> |
| | Total liabilities | <u>1,976,686</u> | <u>58</u> | <u>1,783,056</u> | <u>56</u> |
| Equity attributable to owners of parent: (Note 6(q)) | | | | | |
| 3110 | Common stock | 885,600 | 26 | 885,600 | 28 |
| 3200 | Capital surplus | 80,092 | 2 | 80,092 | 2 |
| Retained earnings: | | | | | |
| 3310 | Legal reserve | 283,678 | 9 | 265,401 | 8 |
| 3320 | Special reserve | 3,978 | - | 3,896 | - |
| 3350 | Unappropriated earnings | <u>183,348</u> | <u>5</u> | <u>184,133</u> | <u>6</u> |
| | Total retained earnings | <u>471,004</u> | <u>14</u> | <u>453,430</u> | <u>14</u> |
| 3400 | Other equity | <u>(3,908)</u> | - | <u>(3,978)</u> | - |
| | Total equity | <u>1,432,788</u> | <u>42</u> | <u>1,415,144</u> | <u>44</u> |
| | Total liabilities and equity | <u>\$ 3,409,474</u> | <u>100</u> | <u>3,198,200</u> | <u>100</u> |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar , except for Earnings Per Share)

| | | <u>2022</u> | | <u>2021</u> | |
|------|--|-------------------|-----------|------------------|-----------|
| | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| 4000 | Operating revenues(Notes 6(s) and 7) | \$ 4,346,640 | 100 | 4,271,883 | 100 |
| 5000 | Operating costs(Notes 6(g) and 7) | <u>3,454,793</u> | <u>79</u> | <u>3,382,438</u> | <u>79</u> |
| 5950 | Gross profit | <u>891,847</u> | <u>21</u> | <u>889,445</u> | <u>21</u> |
| 6000 | Operating expenses: (Notes 6(d), (o), (t) and 7) | | | | |
| 6100 | Selling expenses | 469,796 | 11 | 438,815 | 10 |
| 6200 | Administrative expenses | 144,134 | 3 | 164,668 | 4 |
| 6300 | Research and development expenses | 83,512 | 2 | 71,874 | 2 |
| 6450 | Expected credit gains | <u>(446)</u> | <u>-</u> | <u>(32)</u> | <u>-</u> |
| | Total operating expenses | <u>696,996</u> | <u>16</u> | <u>675,325</u> | <u>16</u> |
| 6900 | Net operating income | <u>194,851</u> | <u>5</u> | <u>214,120</u> | <u>5</u> |
| 7000 | Non-operating income and expenses:(Notes 6(h), (u) and 7) | | | | |
| 7100 | Interest income | 6,934 | - | 4,732 | - |
| 7010 | Other income | 14,754 | - | 6,372 | - |
| 7020 | Other gains and losses | 6,002 | - | (995) | - |
| 7050 | Finance costs | (2,781) | - | (1,482) | - |
| 7060 | Shares of profit (loss) of associates accounted for using equity method | <u>247</u> | <u>-</u> | <u>(229)</u> | <u>-</u> |
| | Total non-operating income and expenses | <u>25,156</u> | <u>-</u> | <u>8,398</u> | <u>-</u> |
| 7900 | Profit before income tax | <u>220,007</u> | <u>5</u> | <u>222,518</u> | <u>5</u> |
| 7950 | Less: Income tax expenses(Note 6(p)) | <u>41,544</u> | <u>1</u> | <u>44,239</u> | <u>1</u> |
| 8200 | Net income | <u>178,463</u> | <u>4</u> | <u>178,279</u> | <u>4</u> |
| 8300 | Other comprehensive (loss) income: | | | | |
| 8310 | Items that may not be reclassified subsequently to profit or loss | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | (1,852) | - | 5,613 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | <u>371</u> | <u>-</u> | <u>(1,123)</u> | <u>-</u> |
| | Total items that may not be reclassified subsequently to profit or loss | <u>(1,481)</u> | <u>-</u> | <u>4,490</u> | <u>-</u> |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | |
| 8361 | Exchange differences on translation of foreign operations | 70 | - | (82) | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | Total items that may be reclassified subsequently to profit or loss | <u>70</u> | <u>-</u> | <u>(82)</u> | <u>-</u> |
| 8300 | Other comprehensive (loss) income | <u>(1,411)</u> | <u>-</u> | <u>4,408</u> | <u>-</u> |
| 8500 | Total comprehensive income | <u>\$ 177,052</u> | <u>4</u> | <u>182,687</u> | <u>4</u> |
| | Earnings per share(NT dollars)(Note 6(r)) | | | | |
| 9750 | Basic earnings per share | <u>\$ 2.02</u> | | <u>2.01</u> | |
| 9850 | Diluted earnings per share | <u>\$ 2.00</u> | | <u>2.00</u> | |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollar)

| | Equity attributable to owners of parent | | | | | Other Equity | | Total Equity |
|--|---|-----------------|----------------|-----------------|----------------------------|---|------------------|--------------|
| | Retained earnings | | | | | Exchange Differences on Translation of Foreign Operations Financial Statements | | |
| | Common Stock | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | | | |
| Balance on January 1, 2021 | \$ 885,600 | 80,092 | 252,049 | 4,069 | 134,099 | (3,896) | 1,352,013 | |
| Net income for the year ended December 31, 2021 | - | - | - | - | 178,279 | - | 178,279 | |
| Other comprehensive income for the year ended December 31, 2021 | - | - | - | - | 4,490 | (82) | 4,408 | |
| Total comprehensive income for the year ended December 31, 2021 | - | - | - | - | 182,769 | (82) | 182,687 | |
| Appropriation and distribution of retained earnings: | | | | | | | | |
| Legal reserve | - | - | 13,352 | - | (13,352) | - | - | |
| Cash dividends | - | - | - | - | (119,556) | - | (119,556) | |
| Special reserve | - | - | - | (173) | 173 | - | - | |
| Balance on December 31, 2021 | 885,600 | 80,092 | 265,401 | 3,896 | 184,133 | (3,978) | 1,415,144 | |
| Net income for the year ended December 31, 2022 | - | - | - | - | 178,463 | - | 178,463 | |
| Other comprehensive income for the year ended December 31, 2022 | - | - | - | - | (1,481) | 70 | (1,411) | |
| Total comprehensive income for the year ended December 31, 2022 | - | - | - | - | 176,982 | 70 | 177,052 | |
| Appropriation and distribution of retained earnings: | | | | | | | | |
| Legal reserve | - | - | 18,277 | - | (18,277) | - | - | |
| Special reserve | - | - | - | 82 | (82) | - | - | |
| Cash dividends | - | - | - | - | (159,408) | - | (159,408) | |
| Balance on December 31, 2022 | <u>\$ 885,600</u> | <u>80,092</u> | <u>283,678</u> | <u>3,978</u> | <u>183,348</u> | <u>(3,908)</u> | <u>1,432,788</u> | |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

| | 2022 | 2021 |
|--|------------|-----------|
| Cash flows from (used in) operating activities: | | |
| Profit before tax | \$ 220,007 | 222,518 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 144,106 | 127,001 |
| Amortization expense | 4,260 | 3,085 |
| Expected credit loss | (446) | (32) |
| Interest expense | 2,781 | 1,482 |
| Interest income | (6,934) | (4,732) |
| Dividend income | (840) | - |
| Share of (profit) loss of associates accounted for using equity method | (247) | 229 |
| Gain on disposal of property, plant and equipment | (1,777) | (15) |
| Gain on disposal of other assets | (219) | (1) |
| Total adjustments to reconcile profit (loss) | 140,684 | 127,017 |
| Changes in operating assets and liabilities: | | |
| Contract assets | 225,491 | (194,247) |
| Notes receivable | 3,812 | (26,595) |
| Accounts receivable | (241,341) | 45,969 |
| Accounts receivable-related parties | (28,869) | 2,290 |
| Operating lease receivable | 9,706 | (4,189) |
| Finance lease receivable | 10,641 | 3,189 |
| Other receivables | (724) | 73 |
| Inventories | (201,860) | (25,331) |
| Prepayments | 32,931 | (16,814) |
| Long-term notes receivable | 813 | 812 |
| Long-term receivables | (141,759) | (77,172) |
| Long-term finance lease receivable | 4,543 | 5,102 |
| Contract liabilities | 57,634 | 17,938 |
| Notes payable | (2,904) | (28,440) |
| Accounts payable | 5,709 | 206,029 |
| Accounts payable-related parties | 15,116 | (3,000) |
| Other payables | (8,637) | 26,802 |
| Other current liabilities | (19,229) | 17,343 |
| Net defined benefit liabilities | (1,437) | (3,340) |
| Other operating liabilities | (21,802) | 87,751 |
| Total adjustments | (161,482) | 161,187 |
| Cash generated from operations | 58,525 | 383,705 |
| Income taxes paid | (42,946) | (33,024) |
| Net cash flows from (used in) operating activities | 15,579 | 350,681 |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TATUNG SYSTEM TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

| | 2022 | 2021 |
|--|-------------------|------------------|
| Cash flows from (used in) investing activities: | | |
| Acquisition of financial assets measured at amortized cost | (127,595) | (245,128) |
| Disposal of financial assets measured at amortized cost | 129,569 | 193,201 |
| Acquisition of financial assets at fair value through profit or loss | (18,200) | - |
| Acquisition of property, plant and equipment | (11,992) | (27,634) |
| Disposal of property, plant and equipment | 10,634 | 27 |
| Increase in refundable deposits | (7,446) | (5,394) |
| Acquisition of intangible assets | (2,842) | (7,504) |
| Interest received | 6,869 | 4,653 |
| Dividends received | 840 | - |
| Net cash flows from (used in) investing activities | (20,163) | (87,779) |
| Cash flows from (used in) financing activities: | | |
| Increase in short-term loans | 190,000 | - |
| Increase in short-term notes and bills payable | 59,978 | - |
| Decrease in guarantee deposits received | (216) | (36) |
| Payment of lease liabilities | (124,704) | (62,318) |
| Cash dividends paid | (159,408) | (119,556) |
| Interest paid | (2,515) | (1,455) |
| Net cash flows from (used in) financing activities | (36,865) | (183,365) |
| Effect of exchange rate changes on cash and cash equivalents | 54 | (72) |
| Net (decrease) increase in cash and cash equivalents | (41,395) | 79,465 |
| Cash and cash equivalents at beginning of period | 626,894 | 547,429 |
| Cash and cash equivalents at end of period | \$ 585,499 | 626,894 |

See accompanying notes to consolidated financial statements.

Tatung System Technologies Inc. (TSTI)
Audit Committee's Review Report

The Board of Directors of the Company has prepared the business report, financial statements (including parent company only and consolidated) and earnings distribution table for the year ended December 31, 2022. The financial statements have been audited by CPAs Hsin-Ting Huang and Li-Chen Lai, from KPMG, the CPA firm engaged by the Board of Directors to complete the audit. The above business report, financial statements and earnings distribution table and have been reviewed and determined to be accurate by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your review.

To

2023 Regular Shareholders' Meeting of the Company

Tatung System Technologies Inc. (TSTI)

Convener of the Audit Committee: Huang-Chi Yeh

Huang-Chi Yeh
March 3, 2023

Tatung System Technologies Inc.
Earnings Distribution Table
2022

Unit: NTD

| Item | Amount |
|---|-------------|
| Undistributed retained earnings at the beginning of the period | 6,365,158 |
| Add (Less): Other comprehensive income (remeasurement of defined benefit plans – parent company and subsidiaries) | (1,481,977) |
| Add: Net profit after tax for 2022 | 178,463,405 |
| Subtotal | 183,346,586 |
| Less: Provision for legal reserve (10%) | 17,698,143 |
| Less (Add): Provision (reversal) of special reserve (exchange differences on translation of financial statements of foreign operations) | (70,689) |
| Earnings available for distribution for the year | 165,719,132 |
| Distribution of earnings | |
| Dividends to shareholders | 154,980,000 |
| Cash dividends (\$1.75 per share) | 154,980,000 |
| Undistributed retained earnings at the end of the period | 10,739,132 |

Chairman: Bo-Yen Shen General Manager: Wen-Hung Huang Accounting Manager: Chiu-Chan Hsu

Attachment 5

Tatung System Technologies Inc. (TSTI)
Comparison table for the “Articles of Incorporation” before and after
amendments

| Amended provisions | Current provisions | Description |
|---|---|---|
| <p>Article 18 The Company shall have <u>seven to nine</u> directors, all of whom shall be elected for a term of three years and shall be eligible for re-election. The total shareholding of the entire bodies of the directors shall be in accordance with the regulations of the securities regulatory authority. Among the foregoing number of directors, the number of independent directors shall not be less than three and not less than one-fifth of the total number of directors, and independent directors shall be elected by the shareholders’ meeting from the list of candidates through a candidate nomination system. The professional qualifications, shareholdings, restrictions on concurrent positions, nomination and election of independent directors and other matters to be followed shall be in accordance with the relevant regulations of the competent securities authorities. Except for the independent directors under the second paragraph of this Article, the other directors shall be elected by the shareholders from the list of candidates through a candidate nomination system starting from the seventh term.</p> | <p>Article 18 The Company shall have nine directors, all of whom shall be elected for a term of three years and shall be eligible for re-election. The total shareholding of the entire bodies of the directors shall be in accordance with the regulations of the securities regulatory authority. Among the foregoing number of directors, the number of independent directors shall not be less than three and not less than one-fifth of the total number of directors, and independent directors shall be elected by the shareholders’ meeting from the list of candidates through a candidate nomination system. The professional qualifications, shareholdings, restrictions on concurrent positions, nomination and election of independent directors and other matters to be followed shall be in accordance with the relevant regulations of the competent securities authorities. Except for the independent directors under the second paragraph of this Article, the other directors shall be elected by the shareholders from the list of candidates through a candidate nomination system starting from the seventh term.</p> | <p>The number of directors is revised to seven to nine so that the number of directors can be adjusted during the election of directors in accordance with the Company’s business strategy.</p> |
| <p>Article 27 The Company shall have a number of <u>managerial officers</u>, whose appointment, dismissal and remuneration shall be in accordance with Article 29 of the Company Act.</p> | <p>Article 27 The Company shall have one <u>CEO and a number of vice president or senior manager</u>, whose appointment, dismissal and remuneration shall be in accordance with Article 29 of the Company Act.</p> | <p>The number of managerial officers is adjusted so the Company shall have a number of managerial officers.</p> |
| <p>Article 31 The total amount of the earnings to be distributed shall not be less than 50% of the distributable earnings in the current year. The ratio of the cash dividend to stock dividend shall be determined in consideration of the earnings in the current year, the</p> | <p>Article 31 The total amount of the earnings to be distributed shall not be less than 50% of the distributable earnings in the current year. The ratio of the cash dividend to stock dividend shall be determined in consideration of the earnings in the current year, the arrangement of the</p> | |

| Amended provisions | Current provisions | Description |
|---|---|--|
| <p>arrangement of the funds, and the rights of the shareholders. The amount of the cash dividend shall not be less than 10% of the total dividends. Where the cash dividend per share is less than \$0.1, it will not be distributed and shall be replaced with the stock dividend. 5% to 15% of the current pre-tax net profit prior to deduction of the remuneration to the employees and directors shall be appropriated as the remuneration to the employees, and not more than 5% shall be appropriated as the remuneration to the directors. However, an amount of the earnings shall be reserved to make up cumulative losses (including adjustment of undistributed earnings), if any.</p> <p>The net profit after tax of the Company in the current period, if any, in the final account at the end of any fiscal year shall be used to make up the losses (including adjustment of undistributed earnings) of the previous years. The Company shall then set aside 10% of the said earnings as a legal reserve, unless such legal reserve amounts to the <u>paid-in</u> capital of the Company. The Company shall provide or reverse a special reserve pursuant to laws or the regulations of the competent authority. The Company shall, prior to the distribution of earnings, set aside the same amount of special reserve from prior period's undistributed earnings if the special reserve is not sufficient to cover the net increase in fair value of investment properties accumulated in prior periods and the net decrease in other equity accumulated in prior periods. If the amount is not sufficient, the amount of special reserve shall be provided from the current period's net profit after tax plus items other than after-tax net profit for the period as the current period's undistributed earnings. If there are any residual earnings, they shall be, together with the undistributed</p> | <p>funds, and the rights of the shareholders. The amount of the cash dividend shall not be less than 10% of the total dividends. Where the cash dividend per share is less than \$0.1, it will not be distributed and shall be replaced with the stock dividend. 5% to 15% of the current pre-tax net profit prior to deduction of the remuneration to the employees and directors shall be appropriated as the remuneration to the employees, and not more than 5% shall be appropriated as the remuneration to the directors. However, an amount of the earnings shall be reserved to make up cumulative losses (including adjustment of undistributed earnings), if any.</p> <p>The net profit after tax of the Company in the current period, if any, in the final account at the end of any fiscal year shall be used to make up the losses (including adjustment of undistributed earnings) of the previous years. The Company shall then set aside 10% of the said earnings as a legal reserve, unless such legal reserve amounts to the <u>total authorized</u> capital of the Company. The Company shall provide or reverse a special reserve pursuant to laws or the regulations of the competent authority. The Company shall, prior to the distribution of earnings, set aside the same amount of special reserve from prior period's undistributed earnings if the special reserve is not sufficient to cover the net increase in fair value of investment properties accumulated in prior periods and the net decrease in other equity accumulated in prior periods. If the amount is not sufficient, the amount of special reserve shall be provided from the current period's net profit after tax plus items other than after-tax net profit for the period as the current period's undistributed earnings. If there are any residual earnings, they shall be, together with the undistributed earnings at the beginning of the period</p> | <p>In accordance with Article 237 of the Company Act, the Company shall first pay all taxes and then set aside 10% as legal reserve before distributing earnings. Except when the accumulated legal reserve has reached the Company's paid-in capital, no more legal reserve should be provided for.</p> |

| Amended provisions | Current provisions | Description |
|---|--|---|
| <p>earnings at the beginning of the period (including adjustment of undistributed earnings), used as accumulated dividends for shareholders. The Board of Directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting for approval. Whether profit-sharing remuneration for employees should be distributed in stock or cash shall be resolved with a consent of a majority of the directors present at a meeting attended by more than two thirds of the total directors and reported to the shareholder's meeting by the Board.</p> <p>The profit-sharing remuneration for employees in the form of stock or cash includes employees of subordinate companies who meet certain criteria.</p> | <p>(including adjustment of undistributed earnings), used as accumulated dividends for shareholders. The Board of Directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting for approval. Whether profit-sharing remuneration for employees should be distributed in stock or cash shall be resolved with a consent of a majority of the directors present at a meeting attended by more than two thirds of the total directors and reported to the shareholder's meeting by the Board.</p> <p>The profit-sharing remuneration for employees in the form of stock or cash includes employees of subordinate companies who meet certain criteria.</p> | |
| <p>Article 36 These Articles of Incorporation were established on April 26, 2000. The 1st amendments were made on May 30, 2001. The 2nd amendments were made on May 31, 2002. The 3rd amendments were made on June 18, 2004. The 4th amendments were made on May 25, 2005. The 5th amendments were made on June 16, 2006. The 6th amendments were made on June 21, 2007. The 7th amendments were made on June 22, 2009. The 8th amendments were made on June 29, 2010. The 9th amendments were made on June 27, 2011. The 10th amendments were made on June 19, 2012. The 11th amendments were made on June 24, 2013. The 12th amendments were made on June 24, 2014. The 13th amendments were made on June 12, 2015. The 14th amendments were made on June 24, 2016. The 15th amendments were made on August 19, 2021. The 16th amendments were made on June 15, 2022. <u>The 17th amendments were made on X XX, 2023</u></p> | <p>Article 36 These Articles of Incorporation were established on April 26, 2000. The 1st amendments were made on May 30, 2001. The 2nd amendments were made on May 31, 2002. The 3rd amendments were made on June 18, 2004. The 4th amendments were made on May 25, 2005. The 5th amendments were made on June 16, 2006. The 6th amendments were made on June 21, 2007. The 7th amendments were made on June 22, 2009. The 8th amendments were made on June 29, 2010. The 9th amendments were made on June 27, 2011. The 10th amendments were made on June 19, 2012. The 11th amendments were made on June 24, 2013. The 12th amendments were made on June 24, 2014. The 13th amendments were made on June 12, 2015. The 14th amendments were made on June 24, 2016. The 15th amendments were made on August 19, 2021. The 16th amendments were made on June 15, 2022.</p> | <p>The amendment history was added above.</p> |

Attachment 6

Tatung System Technologies Inc. (TSTI)
Comparison table for the “Rules and Procedures of Shareholders’ Meeting”
before and after amendments

| Amended provisions | Current provisions | Description |
|--|---|---|
| <p>Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. <u>Except for otherwise stated in the Regulations Governing the Administration of Shareholder Services of Public Companies, when the Company convenes a shareholder meeting by way of a video conference, it shall be stated in the Articles of Incorporation and resolved by the Board; a shareholder meeting by way of a video conference is subject to the resolution receiving the consent of more than half of the attending Directors at a Board meeting attended by more than two-thirds of the Directors.</u> (Content not revised. Omitted)</p> | <p>Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. (Content not revised. Omitted)</p> | <p>According to the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” revised by Taipei Exchange (no. 11200552441) dated March 23, 2023. Since the company holds shareholder video conferences, there are many restrictions on shareholders' rights and interests. In order to protect the rights and interests of shareholders, the second item is added.</p> |
| <p>Article 6-1 To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice: (Content not revised. Omitted) 3.To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. <u>Apart from circumstances stated in paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall at least provide connection equipment and necessary assistance to shareholders and stipulate the period for shareholders to apply with the Company and other relevant matters of notice.</u></p> | <p>Article 6-1 To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice: (Content not revised. Omitted) 3.To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</p> | <p>According to the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” revised by Taipei Exchange (no. 11200552441) dated March 23, 2023. Provide appropriate alternative measures for shareholders who may find it difficult to participate in video conferences, and clarify the necessary assistance and precautions that the company should provide. In addition, if the provisions of item 6 of Article 44-9 of the "Guidelines for the Handling of Share Affairs of Companies Offering Shares to the Public" appear (Due to natural disasters, accidents or</p> |

| Amended provisions | Current provisions | Description |
|---|---|--|
| | | other force majeure), the provisions of the latter paragraph of the third paragraph may not apply. |
| <p>Article 22 When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online. <u>Apart from circumstances stated in paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall at least provide connection equipment and necessary assistance to shareholders and stipulate the period for shareholders to apply with the Company and other relevant matters of notice.</u></p> | <p>Article 22 When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</p> | <p>The reason for the amendment is the same as Article 6-1.</p> |

Appendix 1

The Articles of Incorporation of Tatung System Technologies Inc. (TSTI)

Amended at 2022 Annual Meeting of Shareholders

Chapter 1 General Provisions

- Article 1 The Company is organized under the provisions of the Company Act on companies limited by shares and shall be named as Tatung System Technologies Inc.
- Article 2 The Company shall engage in the following businesses:
1. CC01110 Computer and Peripheral Equipment Manufacturing
 2. F113050 Wholesale of Computers and Clerical Machinery Equipment
 3. F113070 Wholesale of Telecommunication Apparatus
 4. F118010 Wholesale of Computer Software
 5. F213030 Retail Sale of Computers and Clerical Machinery Equipment
 6. F213060 Retail Sale of Telecommunication Apparatus
 7. F601010 Intellectual Property Rights
 8. I103060 Management Consulting
 9. I301010 Information Software Services
 10. I301020 Data Processing Services
 11. I301030 Electronic Information Supply Services
 12. JE01010 Rental and Leasing
 13. IZ13010 Internet Certificates Service
 14. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
 15. E701010 Telecommunications Engineering
 16. E701020 Satellite Television KU Channels and Channel C Equipment Installation
 17. E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering
 18. E605010 Computer Equipment Installation
 19. E701040 Simple Telecommunications Equipment Installation
 20. F108031 Wholesale of Medical Devices
 21. F208031 Retail Sale of Medical Apparatus
 22. J601010 Arts and Literature Service
 23. JB01010 Conference and Exhibition Services
 24. IG03010 Energy Technical Services
 25. E603010 Cable Installation Engineering
 26. E603050 Automatic Control Equipment Engineering
 27. EZ05010 Instrument and Meters Installation Engineering
 28. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company has its head office in Taipei City and may establish domestic and foreign branches, if necessary, by resolution of the Board of Directors in accordance with the law.
- Article 4 The Company shall make public announcements by means of a prominent section of

county or provincial daily newspapers and circulars published in the county or city where the Company is located.

Chapter 2 Shares

Article 5 The capital of the Company shall be set at NT\$2 billion divided into 200 million shares of common stock of NT\$10 each, of which unissued shares shall be authorized to be issued by the Board of Directors in installments.

Within the foregoing total number of shares, 3,000,000 shares are reserved for issuance of employee stock options.

When the Company issues new shares, the employees who can subscribe the shares include those of subordinate companies who meet certain criteria.

Article 6 The shares of the Company shall be in registered form, signed or sealed by the directors representing the Company, and issued after being certified by the competent authorities or by the issuance and registration agencies authorized by such authorities. The shares issued by the Company may be exempted from printing stocks, but the shares should be registered with the centralized securities depository institution.

Article 7 Shareholders shall report their true names and residences to the Company, and fill in the seal card and submit it to the Company for recordation; if the seal is lost, it must be registered in writing to the Company before a new seal can be use as the replacement.

Article 8 Registered shares of the Company shall be transferred only by the holder by way of endorsement, and the name or title of the transferee shall be indicated on the shares. Transfer of shares shall not be set up as a defense against the issuing company, unless the name or title and residence of the transferee have been recorded in the shareholders' roster.

Article 9 If any share certificates have been lost or damaged, the shareholder shall report the reason in writing to the Company and make a public announcement in the daily newspaper of the Company's location. If there is no objection from a third party within one month from the last day of the announcement, the Company may issue new shares only after the Company has verified that the loss of the share certificates have been properly guaranteed and a letter of guarantee has been issued.

Article 10 In the event of loss or other reasons, the Company may charge a handling fee and a stamp duty for the replacement or exchange of share certificates.

Article 11 The transfer of shares shall be suspended within 60 days prior to a regular shareholders' meeting, within 30 days prior to an extraordinary meeting, or within five days prior to the base date on which the Company decides to distribute dividends and bonuses or other benefits.

Chapter 3 Shareholders' Meeting

Article 12 There are two types of shareholders' meetings: regular meetings and extraordinary meetings. The regular meetings shall be held at least once a year, within six months after the end of each fiscal year, by the board of directors with 30 days' notice to each shareholder. If necessary, the extraordinary meetings can be convened by giving 15 days' notice to each shareholder in accordance with the law.

The shareholders' meetings of the Company may be held by video conference or other means announced by the central competent authorities.

The conditions, procedures and other requirements for shareholders' meetings by

video conference shall be in accordance with the regulations of the competent securities authorities, if any.

Article 13 If a shareholder is unable to attend a shareholders' meeting for any reason, he/she may issue a proxy form and appoint a proxy to attend the meeting in accordance with Article 177 of the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies.

Article 14 If the shareholders' meeting is convened by the board of directors, the chairperson of the board of directors shall be the meeting chair. In the absence of the chairperson of the board of directors, the chairperson of the board of directors shall designate a director to act as proxy, or if no such designation is made, the directors shall elect a person to act as proxy. If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 15 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Article 16 Unless otherwise provided for in the Company Act, a resolution of a shareholders' meeting shall be adopted with a consent of the shareholders representing a majority of the voting rights at the meeting attended by shareholders holding a majority of the total issued shares.

Article 17 Resolutions of shareholders' meetings shall be recorded in the minutes and shall be handled in accordance with Article 183 of the Company Act. The minutes shall record the year, month, day, venue, name of the chair and method of resolution of the meeting, and shall also record the main points of the proceedings and the results thereof, and shall be retained permanently during the continuance of the Company. The signature book of the shareholders attending the meeting and the proxy forms for proxy attendance shall be kept for one year.

Chapter 4 Board of Directors and Audit Committee

Article 18 The Company shall have nine directors, all of whom shall be elected for a term of three years and shall be eligible for re-election. The total shareholding of the entire bodies of the directors shall be in accordance with the regulations of the securities regulatory authority.

Among the foregoing number of directors, the number of independent directors shall not be less than three and not less than one-fifth of the total number of directors, and independent directors shall be elected by the shareholders' meeting from the list of candidates through a candidate nomination system. The professional qualifications, shareholdings, restrictions on concurrent positions, nomination and election of independent directors and other matters to be followed shall be in accordance with the relevant regulations of the competent securities authorities.

Except for the independent directors under the second paragraph of this Article, the other directors shall be elected by the shareholders from the list of candidates through a candidate nomination system starting from the seventh term.

Article 19 If the vacancies of directors reach one-third, an extraordinary shareholders' meeting shall be held within 60 days to re-elect new directors, whose term of office shall be limited to the period of time of the original term to be filled.

- Article 20 If directors' term of office expires before re-election, their duties shall be extended until the re-elected directors assumes office.
- Article 21 The directors shall organize the board of directors and elect a chairperson from among themselves with the consent of a majority of at least two-thirds of the directors to execute all affairs of the Company in accordance with the law, the Articles of Incorporation, and the resolutions of the shareholders' meeting and the board of directors.
- Article 22 The Company's management policy and other important matters shall be resolved by the Board of Directors. Except for the first meeting of the Board of Directors in each term, which is convened in accordance with Article 203 of the Company Act, the other meetings shall be convened by the chairperson of the Board of Directors, who shall be the meeting chair. If the chairperson of the board of directors is unable to perform his or her duties, the chairperson of the board of directors shall designate a director to act on his or her behalf, or if no such designation is made, the directors shall elect one among themselves to act on the behalf of the chairperson.
- Article 23 Unless otherwise provided in the Company Act, a majority of the directors shall be present at a meeting of the Board of Directors and the consent of a majority of the directors present shall be required. If any director is unable to attend a meeting for any reason, he/she may appoint another director to act as his/her proxy to attend the meeting of the Board of Directors by issuing a proxy form listing the scope of authorization for the convening of the meeting, provided that a proxy can only be appointed by one person.
- Article 23 The convening of a meeting of the Board of Directors of the Company shall be notified to the directors seven days in advance, which may be done in writing, by e-mail or by facsimile. The Company may convene a meeting of the Board of Directors at any time in the event of an emergency.
- Article 24 The minutes of the Board of Directors' meetings shall be prepared, signed or sealed by the chairperson, and distributed to the directors within 20 days after the meeting, and the minutes shall record the main points of the proceedings and the results thereof. The minutes shall be kept at the Company together with the signature book of the directors attending the meeting and the proxy form for proxy attendance.
- Article 25 The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, and the audit committee shall consist of all independent directors. The authority, rules of procedure for their meetings and other matters to be followed by the Audit Committee shall be in accordance with the provisions of the Company Act, the Securities and Exchange Act and other relevant laws and regulations and the Company's Articles of Incorporation.
- Article 25 The number of members of the Remuneration Committee, their term of office, authorities, the rules of procedure for their meetings, and the resources to be provided by the Company in exercising the powers and functions of the Remuneration Committee shall be in accordance with the provisions of the Remuneration Committee's Charter.
- Article 26 The compensation and travel expenses of directors are authorized to be determined by the Board of Directors, regardless of the operating profit or loss, based on the value of the directors' contributions to the Company's operations with the domestic and foreign industry standards taken into account.
- Article 26 The Company may purchase liability insurance for the directors during their term of

office in respect of their liability under the law for the execution of their business.

Chapter 5 Managerial officers and employees

Article 27 The Company shall have one CEO and a number of vice president or senior manager, whose appointment, dismissal and remuneration shall be in accordance with Article 29 of the Company Act.

Article 28 The Company may employ consultants and key employees by resolution of the Board of Directors in accordance with Article 23 of the Articles of Incorporation.

Article 29 Other employees of the Company shall be appointed and dismissed by the CEO and shall be reported to the Board of Directors for approval.

Chapter 6 Accounting

Article 30 At the end of each business year, the Board of Directors shall prepare and submit to the Audit Committee for adoption at the annual regular shareholders' meeting 30 days prior to the annual regular shareholders' meeting the following reports: (1) business report. (2) financial statements (3) earnings distribution or losses make-up proposal

Article 31 The total amount of the earnings to be distributed shall not be less than 50% of the distributable earnings in the current year. The ration of the cash dividend to stock dividend shall be determined in consideration of the earnings in the current year, the arrangement of the funds, and the rights of the shareholders. The amount of the cash dividend shall not be less than 10% of the total dividends. Where the cash dividend per share is less than \$0.1, it will not be distributed and shall be replaced with the stock dividend.

5% to 15% of the current pre-tax net profit prior to deduction of the remuneration to the employees and directors shall be appropriated as the remuneration to the employees, and not more than 5% shall be appropriated as the remuneration to the directors. However, an amount of the earnings shall be reserved to make up cumulative losses (including adjustment of undistributed earnings), if any.

The net profit after tax of the Company in the current period, if any, in the final account at the end of any fiscal year shall be used to make up the losses (including adjustment of undistributed earnings) of the previous years. The Company shall then set aside 10% of the said earnings as a legal reserve, unless such legal reserve amounts to the total authorized capital of the Company. The Company shall provide or reverse a special reserve pursuant to laws or the regulations of the competent authority. The Company shall, prior to the distribution of earnings, set aside the same amount of special reserve from prior period's undistributed earnings if the special reserve is not sufficient to cover the net increase in fair value of investment properties accumulated in prior periods and the net decrease in other equity accumulated in prior periods. If the amount is not sufficient, the amount of special reserve shall be provided from the current period's net profit after tax plus items other than after-tax net profit for the period as the current period's undistributed earnings. If there are any residual earnings, they shall be, together with the undistributed earnings at the beginning of the period (including adjustment of undistributed earnings), used as accumulated dividends for shareholders. The Board of Directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting for approval.

Whether profit-sharing remuneration for employees should be distributed in stock or cash shall be resolved with a consent of a majority of the directors present at a

meeting attended by more than two thirds of the total directors and reported to the shareholder's meeting by the Board.

The profit-sharing remuneration for employees in the form of stock or cash includes employees of subordinate companies who meet certain criteria.

Chapter 7 Supplementary Provisions

Article 32 The Company may invest more than 40% of the paid-in capital in other enterprises and authorize the Board of Directors to execute the investments.

Article 33 The Company may provide guarantees for other companies.

Article 34 The company's organizational regulations and working rules shall be separately formulated by the Board of Directors.

Article 35 Matters not provided for in these Articles of Incorporation shall be governed by the Company Act and related laws and regulations.

Article 36 These Articles of Incorporation were established on April 26, 2000. The 1st amendments were made on May 30, 2001. The 2nd amendments were made on May 31, 2002. The 3rd amendments were made on June 18, 2004. The 4th amendments were made on May 25, 2005. The 5th amendments were made on June 16, 2006. The 6th amendments were made on June 21, 2007. The 7th amendments were made on June 22, 2009. The 8th amendments were made on June 29, 2010. The 9th amendments were made on June 27, 2011. The 10th amendments were made on June 19, 2012. The 11th amendments were made on June 24, 2013. The 12th amendments were made on June 24, 2014. The 13th amendments were made on June 12, 2015. The 14th amendments were made on June 24, 2016. The 15th amendments were made on August 19, 2021. The 16th amendments were made on June 15, 2022.

Tatung System Technologies Inc. (TSTI)
Rules and Procedures of Shareholders' Meeting

Amended at the 2004, 2012, 2013, 2015, 2020, 2021, and 2022 meeting of shareholders.

Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's meeting of shareholders, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 The rules of procedures for the shareholders meetings, except of Tatung System Technologies Inc., unless otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 Unless otherwise provided by law or regulation, the Company's meeting of shareholders shall be convened by the board of directors.

Changes to how the Company convenes its shareholders' meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders' meeting notice.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of an extraordinary shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the extraordinary shareholders' meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting. In addition, before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:

1. For physical meeting of shareholders, to be distributed on-site at the meeting.

2. For hybrid meeting of shareholders, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only meeting of shareholders, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to 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, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

A proposal submitted by shareholders must not exceed 300 Chinese characters. Any proposal containing more than 300 Chinese characters

will not be included in the agenda. A shareholder who has submitted a proposal must attend the regular shareholders' meeting in person or by proxy and participate in the discussion of his or her proposal.

The Company shall notify the shareholder submitting the proposal of the status of his or her proposal before the date when the notice of the shareholders' meeting is sent, and include the proposals that have met the requirements in this article in the meeting notice. The Board shall provide reasons for not including a shareholder's proposal in the agenda at the shareholders' meeting.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

If, after the Company has received a proxy form, a shareholder sending the proxy form decides to attend the shareholders' meeting in person or intends to exercise his or her voting rights in writing or electronically, he or she shall issue a written notice to revoke the authorization to the Company two days before the shareholders' meeting. If the revocation is not provided within the specified time limit, exercise of the voting rights by the proxy attending the meeting shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 A shareholders' meeting shall be held in the county or city where the head office is located or in a place convenient for the shareholders to attend and suitable for the shareholders' meeting. The meeting shall commence no earlier than 9:00 a.m. or later than 3:00 p.m., and the place and time of the meeting shall be determined with due regard to the opinions of the independent directors.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

Article 6 The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be

accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.

Shareholders shall attend meeting of shareholders based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with a signature book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1 To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other *force majeure* events, at least covering the following particulars:
 - A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is

- postponed or on which the meeting will resume.
- B. Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - C. In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
 - D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.

Article 7

If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that meeting of shareholders convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party with the power to

convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders' meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9 Attendance at meeting of shareholders shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the signature book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting, among others.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the

chair shall declare the meeting adjourned.

In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal on the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 12 Voting at a shareholders' meeting shall be calculated based the number of shares.

With respect to resolutions of meeting of shareholders, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that

percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except for a declaration to revoke a prior expression of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed to have abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14 The election of directors at a shareholders' meeting shall be held in accordance with the Procedure for Election of Directors and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be

retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other *force majeure* events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholders' meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online

Article 16 On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. In the event a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under or Taipei Exchange regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a *force majeure* event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 When the Company convenes a virtual-only shareholders' meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21 In the event of a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve technical communication issues.

In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance

where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other *force majeure* events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public

Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph.

- Article 22 When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.
- Article 23 These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Tatung System Technologies Inc.
Shareholdings of All Directors

| Title | Name | Record Date: 2023.4.17 | |
|---|--|------------------------|-----------------------------|
| | | Number of shares | Shareholding percentage (%) |
| Corporation Chairman /Director | Tatung Company | 37,819,027 | 42.70 |
| Chairman | Tatung Company Corporate Representative: Bo-Yen Shen | 808,623 | 0.91 |
| Director | Tatung Company Corporate Representative: Chin-Lai Wang | - | |
| Director | Tatung Company Corporate Representative: Wen-Hung Huang | - | |
| Director | Tatung Company Corporate Representative: Pei-Chun Lu | - | |
| Director | Tatung Company Corporate Representative: Chiu-Chan Hsu | 100,801 | 0.11 |
| Corporate director | Twinbot Fintech Consultants Limited | 5,961,000 | 6.73 |
| Director | Twinbot Fintech Consultants Limited Corporate Representative: Kuan-Chih Tseng | - | |
| Independent Director | Huang-Chi Yeh | - | |
| Independent Director | Ying-Hwang Yang | - | |
| Independent Director | Maw-In Tsai | - | |
| The number of shares held by the entire bodies of directors | | 44,689,451 | 50.45 |

In accordance with Article 26-2 of the Securities and Exchange Act and the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the number of shares legally required to be held by the incumbent directors was reduced to 80% due to the election of two or more independent directors, as follows:

| | |
|---|-------------------|
| Number of issued shares of the Company’s common stock | 88,560,000 shares |
| The shareholding percentage legally required to be held by the entire bodies of directors | 10% * 80% |
| The number of shares legally required to be held by the entire bodies of directors | 7,084,800 shares |
| The number of shares held by the entire bodies of directors (excluding independent directors) | 44,689,451 shares |

In accordance with Article 26 of the Securities and Exchange Act, the Company has established an audit committee, so the shareholding legally required for supervisors is not applicable.



創新應用獎 / 2023智慧城市
2023 SCSE Innovative Application Award

資通訊科技應用獎 - ESG永續獎
ESG Award - ASOCIO 2022 ICT Award
Outstanding ICT Company Award / ASOCIO

數位氣候行動獎 鈦金級殊榮
Digital Climate Action Titanium Award

中堅企業遴選 潛力中堅企業 / 經濟部
Potential Taiwan Mittelstand Award / Economic Affairs, R.O.C

數位轉型楷模企業
Digital Transformation Model Enterprise

績優永續供應商
Excellent Sustainable Supplier



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ISO 20000

ISO 27001

ISO 45001

CMMI-Dev ML3

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