

Sysgration Ltd.

2023 Annual Shareholders' Meeting Minutes (Translation)

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Sysgration Ltd.
2023 Annual Shareholders' Meeting Minutes

Time: 9:00 a.m. on Thursday, April 27, 2023

Place : 6F., No. 1, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City.(Meeting Room)

Method for convening the shareholders' meeting: visual communication assisted shareholders' meeting. The Company will use the e-Meeting Platform by the Taiwan Depository & Clearing Corporation (TDCC) for this year's shareholders' meeting. (<https://www.stockvote.com.tw/evote/index.html>)

The Number of Shares of Attendance :

Attending shareholders and proxy represented 110,614,903 shares accounting for 65.61% of 168,579,350 shares, the Company's total outstanding shares.

Directors Present:

Chairman Lee Yi-Ren, Director Hsieh Tung-Fu, Director Lee Cheng-Han, Independent Director He Ju-Hsiang, Independent Director Lin Kuan-Chao. Independent Director Wei, Che-Chen

Attendee: Audit Accountant Chih, Ping-Chiun, Lawyer Chen, Ling-Hsuan

Chairperson: Lee, Yi-Ren, the Chairman of the Board of Directors.

Recorder: Hsu, Hsi-Ning

I. Call the Meeting to Order:

The aggregate shareholding of the shareholders present constituted a quorum.

The Chairperson called the meeting to order.

II. Chairperson Remarks: Omitted.

III. Report Items:

- (1) 2022 Business Report (Appendix 1).
- (2) Audit Committee's Review Report on the 2022 Financial Statements (Appendix 2).
- (3) 2022 Status Report of Endorsements/Guarantees for Others (Omitted).
- (4) 2022 Status Report of Fund-lending to Others (Omitted).
- (5) 2022 Status Report of Financial Derivative Product Transaction (Omitted).
- (6) 2022 Report on Remunerations of Directors (Appendix 3).
- (7) Report on Execution of Private Placement (Appendix 4).
- (8) Report on 2022 Employees' Profit Sharing and Directors' Compensation (Omitted).

IV. Proposals Resolutions:

Proposal 1: 2022 Business Report and Financial Statements, please approve.

Explanation:

- (1) 2022 Parent Company Only Financial Statements and Consolidated Financial Statements of the Company have been approved by Accountant Chih, Ping-Chiun and Accountant Chiu, Chao-Hsien of PricewaterhouseCoopers, Taiwan, and written independent auditors' reports have been issued on file.
- (2) The 2022 Business Report is attached hereto as Appendix 1.

- (3) The 2022 Independent Auditors' Reports of Parent Company Only Financial Statements and Consolidated Financial Statements are attached hereto as Appendix 5 and 6, respectively.

Voting Results:

Shares represented at the time of voting : 110,614,903 votes.

Item	Votes in attendance	Electronic votes	The total represented share present	% of the total represented share present
Votes in favor	97,536,441	11,075,931	108,612,372	98.18%
Votes against	0	10,458	10,458	0.00%
Votes invalid	0	0	0	0.00%
Votes abstained	24,005	1,968,068	1,992,073	1.80%

RESOLVED, that the 2022 Business Report and Financial Statements be and hereby were approved and acknowledged as proposed.

Proposal 2: 2022 Profit and Loss Appropriation Proposal, please approve.

Explanation:

- (1) With an offsetable loss of NTD296,118,286 at the beginning of the period of 2022, we also recorded an after-tax net profit of NTD338,499,454 and a profit of NTD2,587,073 on disposal of financial assets measured at fair value through other comprehensive income in the same year. After offsetting the loss at the beginning of the period against the foregoing profits, we set aside 10% of the balance thereof, or NTD4,496,824, as legal reserves as required by law, and then set aside NTD1,563,266 therefrom as special reserves for the net deduction on other equity interest of the current period, resulting in an amount of NTD38,908,151 as distributable earnings at the end of the period, which was below 5% of our paid-in capital. Thus, pursuant to Article 26 of the Articles of Incorporation, it is proposed that no dividends be distributed from the retained earnings for 2022.
- (2) The 2022 Profit and Loss Appropriation Proposal is attached hereto as Appendix 7.

Voting Results:

Shares represented at the time of voting : 110,614,903 votes.

Item	Votes in attendance	Electronic votes	The total represented share present	% of the total represented share present
Votes in favor	97,536,441	11,067,745	108,604,186	98.18%
Votes against	0	16,582	16,582	0.01%
Votes invalid	0	0	0	0.00%
Votes abstained	24,005	1,970,130	1,994,135	1.80%

RESOLVED, that the 2022 Profit and Loss Appropriation Proposal be and hereby was approved and acknowledged as proposed.

V. Discussions Resolutions:

Proposal 1: Amendments of Articles of Incorporation, please discuss.

Explanation:

- (1) The scope and codes of business activities of Sysgration have been amended in accordance with the "Administrative Regulations on Manufacturing, Import and Report of the Controlled Telecommunications Radio-Frequency Devices."
- (2) The Comparison Table of Amendments is attached hereto as Appendix 8.

Voting Results:

Shares represented at the time of voting : 110,614,903 votes.

Item	Votes in attendance	Electronic votes	The total represented share present	% of the total represented share present
Votes in favor	97,536,441	11,078,653	108,615,094	98.19%
Votes against	0	7,538	7,538	0.00%
Votes invalid	0	0	0	0.00%
Votes abstained	24,005	1,968,266	1,992,271	1.80%

RESOLVED, that the Amendments of Articles of Incorporation be and hereby was approved and acknowledged as proposed.

Proposal 2: The motion for resolution against split of the Company's Energy Storage Business Unit is submitted for discussion, please discuss.

Explanation:

- (1) In order to achieve the professional labor division and reorganization, and to improve the competitiveness and business performance, the Company plans to split and transfer the business (including assets and liabilities) related to the Energy Storage Business Unit to the new company wholly owned by the Company, Power Tank Energy Ltd. (named preliminarily, hereinafter referred to as "Power Tank Energy"), as a spin-off. Meanwhile, Power Tank Energy shall issue new shares to the Company as the consideration thereof. The split project is considered as an organizational adjustment which poses no effect to the shareholders' equity of the Company.
- (2) The value of the business, assets and liabilities to be split and transferred under the project is preliminarily determined subject to the Company's financial statements audited and certified by the CPA on December 31, 2022, and evaluated in consideration of the depreciation and capital expenditure plan and variance in value of related titles forecast until the record date for the split, provided that the actual split amount shall be subject to the carrying amount on the record date for the split.
- (3) The value of the business to be split and transferred by the Company under the project is estimated as NTD403,884 thousand. In consideration of NTD10 in exchange for one share of the new ordinary stock issued by Power Tank Energy and each share at the par value of NTD10, the Company may receive a total of 40,388 thousand common shares issued by Power Tank Energy. Where the value cannot afford to exchange for one share, the value shall be paid by Power Tank Energy to the Company in cash in full.
- (4) The Company prepares the "Split-up Plan" (including the Articles of Incorporation, value of business to be split, and written opinion on rationality of split value and exchange ratio) in accordance with the Business Mergers and Acquisitions Act, Company Act and other related laws & regulations. Please refer to Attachment hereto as Appendix 9.
- (5) The record date for split under the project is set as June 30, 2023 preliminarily. Notwithstanding, where it is necessary to adjust the record date to satisfy the relevant schedule, the Chairman of Board is authorized to do so.
- (6) Where it is necessary to adjust the business scope, business value (including assets and liabilities), exchange ratio and schedule (including, but not limited to, the record date for split), there are any matters not covered herein, the competent authority gives administration instructions or enacts relevant laws and regulations, or it is necessary to make any change due to objective environmental factors, a shareholders' meeting shall

be convened to authorize the Board of Directors to deal with it with full power.

- (7) In relation to this proposed division, where the total shares requested for repurchase by all dissenting shareholders equal or exceed 3% of our total outstanding shares, a proposal will be submitted to the shareholders' meeting for approval of authorizing the Board of Directors to terminate any resolution concerning this proposed division and deal with relevant matters with full discretion, provided that the Board of Directors subsequently gives a report at the next shareholders' meeting.
- (8) This proposal was reviewed and approved by the 17th meeting of the 2nd Audit Committee (for the minutes of the meeting, see Appendix 9), and was submitted to the Board of Directors for approval by a resolution as required by law.
- (9) This proposal is hereby submitted for resolution.

Voting Results:

Shares represented at the time of voting : 110,614,903 votes.

Item	Votes in attendance	Electronic votes	The total represented share present	% of the total represented share present
Votes in favor	97,536,441	11,060,775	108,597,216	98.17%
Votes against	0	22,212	22,212	0.02%
Votes invalid	0	0	0	0.00%
Votes abstained	24,005	1,971,470	1,995,475	1.80%

RESOLVED, that the motion for resolution against split of the Company's Energy Storage Business Unit be and hereby was approved and acknowledged as proposed.

Proposal 3: The motion that the Company may carry out the stock release to "Power Tank Energy Ltd." at different times and waive the right to participate in that company's cash capital increase projects within one year upon completion of the registration of split and change is submitted for discussion, please discuss.

Explanation:

- (1) In response to the business development of the Company's subsidiary, Power Tank Energy Ltd. (hereinafter referred to "Power Tank Energy"), and the subsidiary's needs to recruit and retain professional talents and integrate external resources to solicit for financial or strategic investors, the motion is submitted to the shareholders' meeting to seek the approval that the Company may waive the right to subscribe for shares, in whole or in part, whenever Power Tank Energy engages in any cash capital increase out of issuance of new shares at one time or different times, within one year upon completion of the registration of split and change, and that the Company may dispose of the equity held by the Company in Power Tank Energy, at one time or different times, within one year upon completion of the registration of split and change.
- (2) The issue price of new shares issued by Power Tank Energy for cash capital increase shall be no less than the net worth per share referred to in its most recent financial statements audited or reviewed by the CPA, prior to the meeting of the Board of Directors convened by it to resolve the cash capital increase. Considering that Power Tank Energy aims to develop business, and recruit and retain professional talents, in order to improve the business performance, the Company retains 10%–15% of the new shares to make them available to subscription by employees of Power Tank Energy pursuant to laws, and also waive the right to seek specific persons to subscribe for new shares issued for cash capital increase of Power Tank Energy, as the subscribers shall

be limited to the Company's all shareholders, employees of Power Tank Energy, employees of the Company and the Company's controlling or subsidiary companies, or strategic investors or financial investors benefiting the business development of Power Tank Energy. If the Company's whole shareholders are identified as the specific persons, the shareholders recorded in the roster of shareholders on the most recent book closing date available at the time of subscription shall have the priority to subscribe for the shares on a pro rata basis subject to their shareholdings. The issue price for cash capital increase, negotiation with specific persons and relevant schedule shall be set forth by the Board of Directors of Power Tank Energy subject to the market condition and its overview of business.

- (3) The price at which the Company disposes of shares of Power Tank Energy shall be no less than the net worth per share referred to in the most recent financial statements of Power Tank Energy audited or reviewed by the CPA, prior to the meeting of the Board of Directors convened by the Company to resolve the disposal of the shares. Considering that Power Tank Energy aims to develop business, and recruit and retain professional talents, in order to improve the business performance, the trading counterparts of the Company's disposal of shares held by the Company in Power Tank Energy are limited to the Company's all shareholders, employees of Power Tank Energy, employees of the Company and the Company's controlling or subsidiary companies, or strategic investors or financial investors benefiting the business development of Power Tank Energy. If the Company's whole shareholders are identified as the trading counterparts, the shareholders recorded in the roster of shareholders on the most recent book closing date available at the time of the resolution of the Company's Board of Directors for the disposal shall have the priority to subscribe for the shares on a pro rata basis subject to their shareholdings. The shareholders' meeting shall authorize the Board of Directors to set forth the actual stock release price, negotiation with trading counterparts and relevant schedule subject to the market condition and the overview of business of Power Tank Energy and ask the independent auditor for a written opinion on the rationality of the price pursuant to laws or internal regulations.
- (4) The Board of Directors is authorized to deal with the stock release and waiver to subscribe for new shares issued for cash capital increase of Power Tank Energy with full power, upon resolution by the shareholders' meeting.
- (5) This proposal was reviewed and approved by the 17th meeting of the 2nd Audit Committee, and was submitted to the Board of Directors for approval by a resolution as required by law.
- (6) This proposal is hereby submitted for resolution.

Voting Results:

Shares represented at the time of voting : 110,614,903 votes.

Item	Votes in attendance	Electronic votes	The total represented share present	% of the total represented share present
Votes in favor	97,536,441	11,065,153	108,601,594	98.17%
Votes against	0	26,963	26,963	0.02%
Votes invalid	0	0	0	0.00%
Votes abstained	24,005	1,962,341	1,986,346	1.79%

RESOLVED, that the motion that the Company may carry out the stock release to "Power Tank Energy

Ltd.” at different times and waive the right to participate in that company’s cash capital increase projects within one year upon completion of the registration of split and change be and hereby was approved and acknowledged as proposed.

Proposal 4: Election of Directors.

Explanation:

- (1) The term of the current directors will expire on April 29, 2023, and a new election of all directors is required to be held at the current annual shareholders’ meeting pursuant to the Articles of Incorporation.
- (2) Seven directors (including three independent directors) will be elected for a term of three years from April 27, 2023 to April 26, 2026.
- (3) An election of directors shall be held under a candidate nomination system. The 20th meeting of the 14th Board of Directors approved a list of candidates for directors, from which directors shall be elected by shareholders. For the educational and job experience and other relevant information of the candidates is attached hereto as Appendix 10.
- (4) It is hereby proposed to hold an election.

Resolution: The following personnel are elected as directors:

Title	Name	Elected Number of Votes
Director	Lee, Yi- Ren	141,955,926
Director	Hsieh, Tung-Fu	100,860,646
Director	Lee, Cheng- Han	100,219,836
Director	Tai, Feng-Yi	100,101,507
Independent Director	Wei, Che- Chen	88,690,161
Independent Director	Lin, Kuan- Chao	89,375,428
Independent Director	He, Ju- Hsiang	88,130,539

Proposal 5: Proposal for releasing the non-compete restriction on Directors, please discuss.

Explanation:

- (1) If any director of Sysgration has made investment in or been operating any other company whose scope of business is the same as or similar to that of Sysgration and has been serving as a director of that company, it is proposed, without prejudice to the interests of Sysgration, to lift the non-compete restrictions on the director pursuant to Article 209 of the Company Act.
- (2) List of candidates for directors proposed for the lifting of non-compete restrictions:

Type of candidate	Name	Name of company and title of concurrent service
Director	Tai, Feng-Yi	Chairman, Godex International Co., Ltd. (Binding and processing of printed matter) Executive Director, Godex Electronic Technology (Shanghai) Co., Ltd. (Wholesale and online retail of communication equipment and associated parts) Executive Director, Shanghai Heqin Ribbons and Stickers Co., Ltd. (Integrated services for sale of computer peripherals) Manager, Godex International America LLC
Independent Director	Lin, Kuan- Chao	Independent Director, Luminescence Tech. Co. (OLED(organic LED) materials)

Independent Director	Wei, Che- Chen	Independent Director, EPS Bio-Tech. Co. (Manufacturing of medical devices) Independent Director, Denso Corp. (Manufacturing, processing, trade, domestic sale and export of metal radiators for vehicles)
Independent Director	He, Ju- Hsiang	Independent Director, Polylite Taiwan Co., Ltd. (Manufacturing, processing, import/export and trade of mirrors, mirror frames and cleaning devices)

(3) Please discuss.

Voting Results:

Shares represented at the time of voting : 110,614,903 votes.

Item	Votes in attendance	Electronic votes	The total represented share present	% of the total represented share present
Votes in favor	97,536,441	10,968,960	108,505,401	98.09%
Votes against	0	136,135	136,135	0.12%
Votes invalid	0	0	0	0.00%
Votes abstained	24,005	1,949,362	1,973,367	1.78%

RESOLVED, that the proposal for releasing the non-compete restriction on Directors be and hereby was approved and acknowledged as proposed.

VI. **Incidental Motions** : None.

Summary of Shareholder's Speech:

Shareholder (Account Number 16827) asked about

- (1) Will the spin off the Company's Energy Storage Business Unit to a 100% owned subsidiary affect shareholders' interest?
- (2) Can the current shareholders participate subscription of Power Tank Energy Ltd.'s shares if Sysgration waive the right to subscribe for shares, in whole or in part, whenever Power Tank Energy engages in any cash capital increase?

Chairman's response to question:

- (1) In order to achieve the professional labor division and reorganization, and to improve the competitiveness and business performance, the Company to split and transfer the business related to the Energy Storage Business Unit to the new company wholly owned by the Company, Power Tank Energy Ltd. Power Tank Energy shall issue new shares to the Company as the consideration thereof. The split project is considered as an organizational adjustment which poses no effect to the shareholders' equity of the Company.
- (2) If the company shall waive the right to subscribe for new shares issued for cash capital increase of Power Tank Energy Ltd., the specific persons as the subscribers shall be limited to the Company's all shareholders, employees of Power Tank Energy, employees of the Company and the Company's controlling or subsidiary companies, or strategic investors or financial investors benefiting the business development of Power Tank Energy. If the Company's whole shareholders are identified as the specific persons, the shareholders recorded in the roster of shareholders on the most recent book closing date available at the time of subscription shall have the priority to subscribe for the shares on a pro rata basis subject to their shareholdings.

VII. **Meeting Adjourned at 9:41 a.m. on Thursday, April 27, 2023.**

Appendix 1

Sysgration Ltd. Business Report

I. 2022 Annual Operating Result Report

(I) Operating situation

In 2022, we recorded a parent company only operating revenue of NTD3,189,385 thousand, an increase by 50.44% from NTD2,120,074 thousand in 2021. We also recorded a parent-only after-tax net profit of NTD338,499 thousand, an increase from the after-tax net profit of NTD95,347 thousand in 2021, with a difference of NTD243,152 thousand. Our parent company only after-tax basic earnings per share in 2022 was NTD2.14.

In 2022, we recorded a consolidated operating revenue of NTD3,404,355 thousand, an increase by 38.69% from that of NTD2,454,678 thousand in 2021. We also recorded a consolidated after-tax net profit attributable to owners of the parent company of NTD338,499 thousand, an increase from the consolidated after-tax net profit of NTD95,347 thousand in 2021, with a difference of NTD243,152 thousand. Our consolidated after-tax basic earnings per share in 2022 was NTD2.14.

(II) Financial revenue, expenditure and profitability analysis:

Parent Company Only Financial Statements

Unit: NT\$ 1,000

Item		Year			
		2022	2021	Growth rate %	
Financial revenue and expenditure	Operating revenue	3,189,385	2,120,074	50.44	
	Operating margin	648,213	363,854	78.15	
	Net profit (loss) after tax	338,499	95,347	255.02	
Profitability analysis	Return on assets (%)	11.12	4.12	169.90	
	Return on shareholders' equity (%)	21.50	8.39	156.26	
	Ratio to paid-up capital %	Net operating profit (loss)	14.26	3.18	348.43
		Net profit (loss) before tax	20.15	6.13	228.71
	Net profit (loss) ratio (%)	10.61	4.50	135.78	
	Net profit (loss) per share (NT\$)	2.14	0.62	245.16	

Consolidated Financial Statements

Unit: NT\$ 1,000

Item		Year		Growth rate %		
		2022	2021			
Financial revenue and expenditure	Operating revenue		3,404,355	2,454,678	38.69	
	Operating margin		804,551	488,525	64.69	
	Net profit (loss) after tax - attributable to parent company		338,499	95,347	255.02	
Profitability analysis	Return on assets (%)		10.55	3.98	165.08	
	Return on shareholders' equity (%)		21.50	8.39	156.26	
	Ratio to paid-up capital %	Net operating profit (loss)		18.10	5.37	237.06
		Net profit (loss) before tax		20.15	6.13	228.71
	Net profit (loss) ratio (%)		9.94	3.88	156.19	
	Net profit (loss) per share (NT\$)		2.14	0.62	245.16	

(III) Research and development

Product	Summary description (product specifications or function)
Multi-frequency universal wireless tire pressure monitoring system	TPMS to be compatible with more than 99% of vehicles of the United States, Europe, and Japan 315~433MHz original factories by single design, for customers to greatly reduce inventory and financial pressure.
BLE wireless tire pressure monitoring system	Intelligent TPMS for fleet management applications such as OE front-mounted new-energy electric vehicles, motor-cycles, pickup trucks, heavy trucks, and buses.
Camping RV intelligent electronic control system	Industrial IoT technology is used to integrate the traditional distributed electromechanical control system of the camping RV into a wireless digital central control system. It can also remotely monitor the status of the camping RV and control the surrounding electrical appliances through the 3G/4G cloud system.
Data center power management system	Cloud server power management related system.
Energy storage product	Development and integration of semiconductor factory backup lithium battery and related industrial engineering equipment.

II. Summary of 2023 Annual Operation plan

In recent years, Sysgration Ltd. has been committed to the development of a tire pressure monitoring system (TPMS) as a vehicle safety component. In addition to actively expanding the US and Europe RF replacement market, Sysgration Ltd. globally initiated the Bluetooth BLE TPMS with multinational patents, successfully breaking into the OE market, and gradually mass-produced and shipped to internationally well-known vehicle manufacturers. In 2023, the Company will continue to expand its RF replacement market in the US and Europe, as well as continuously expand BLE TPMS applications in the US and Europe OE market, including such fleet management applications as new-energy electric vehicles, motorcycles, pickup trucks, heavy trucks, and buses. Since the Mainland Chinese government has required tire pressure detectors as a standard product for general passenger cars, and the US is also planning to install tire pressure detectors on trucks and large vehicles in the foreseeable future, the TPMS market has considerable room for development. Therefore, Sysgration Ltd. is also actively developing relevant agency partners in the United States, Europe, Japan, and Mainland China and promoting the market to major automakers and other fleet management applications around the world.

Furthermore, Sysgration Ltd. has combined industrial IoT technology and experience and applied it to automotive electronics, leading to the successful development of a recreational vehicle (RV) control system. Its technical components include industrial computers, in-car electronic control systems, smart home appliances control, mobile APPs, and cloud services. This system enables users to control all the appliances and equipment in the RV through the cloud and central control tablet. Looking forward to 2023, in addition to actively cooperating with US camping vehicle manufacturers to expand the market share, Sysgration Ltd. will also expand this industrial computer and intelligent IoT technology to other industries, such as marine electronic control systems, sports and fitness equipment, agribusiness fleet management, and virtual reality/augmented reality (VR/AR) equipment.

With regard to energy products, the Company's cumulative advantage in the power management and industrial energy storage technology will be expanded to widely promote the centralized power supply system (PSS) and battery backup system (BBS) to Data Center customers, while extending the electric vehicle's lithium battery pack experience to such industrial applications as semiconductor plant uninterrupted power systems, community energy storage systems, and power plant energy storage & voltage stabilizing systems.

III. Future R&D directions of the Company:

- (I) Enhance the product function of multi-frequency single-machine universal tire pressure detector.
- (II) Expand the application of the world's initiative low-power Bluetooth BLE tire pressure detector in new-energy electric vehicles, motorcycles, heavy trucks, and buses.
- (III) Extend the camping vehicle control IoT system to navigation, virtual reality (VR/AR), and other intelligent industrial applications.
- (IV) Enhance such lithium energy storage technology as the battery management system (BMS) and energy management system (EMS), and expand their applications in data centers, semiconductor factories, residential areas, power plants, and other industries.

The company will continue to actively cultivate and solicit R&D talents, be committed to product and quality system conformity with the requirements of international laws and regulations and international certifications, and follow the current laws and regulations related to the operating process of Taiwan and foreign investment countries, in the hope of responding to market condition changes and fully grasping changes in relevant laws and regulations in the face of the external competitive environment to prepare and implement appropriate measures. The management team is also aware of any changes in policies and regulations that may affect the Company's financial and business operations. In the face of rapid changes and challenges in both the domestic and foreign environments, the Company will pay more attention to the development and sales of new products and the acquisition of patent rights in order to contribute the maximum interest to shareholders. In this regard, we hope that shareholders can give us even more support and encouragement. All the staff must also work harder to respond to the Company and adhere to the business philosophy of integrity and earnestness, so that the Company can still grow in the changing environment. The management team will also handle variables with the most responsible attitude and the most active and prudent thinking, as in the past, to improve the performance and profit of the Company.

Finally, we would once more like to thank all the shareholders for their support, trust, and encouragement.

Chairman: Lee, Yi-Ren

President: Hsieh, Tung-Fu

CFO: Tsai, Hsiu-Mei

Appendix 2

Audit Committee's Review Report

The Company's 2022 Business Report, Parent Company Only Financial Statements & Consolidated Financial Statements, and Profit and Loss Appropriation Proposal have been prepared by the Board of Directors. Parent Company Only Financial Statements and Consolidated Financial Statements have been audited by PWC Taiwan and issued with an audit report. The Audit Committee reviewed the aforementioned Business Report, Parent Company Only Financial Statements & Consolidated Financial Statements, and Profit and Loss Appropriation Proposal and found no inconsistency, which is hereby reported in accordance with relevant provisions of the Securities and Exchange Act and the Company Act.

Sysgration Ltd.

Convenor of the Audit Committee: Lin, Kuan-Chao

March 9, 2023

Appendix 3

2022 Report on Remunerations of Directors

Remuneration of general director and independent director (disclosure of individual name and remuneration method)

Unit: NT\$1,000; %; For the Year 2022 ended December 31

Title	Name	Director Remuneration								Total Amount of Items A,B,C,D and Ratio to Net Profit After Tax		Relevant Remuneration Received by Directors Who are Also Employees								Total Amount of Items A,B,C,D,F,G and Ratio to Net Profit After Tax		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or the Parent Company				
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit-Sharing of Employee Bonus (G)										
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements							
Chairman	Lee, Yi-Ren	60	60	0	0	0	0	0	0	60	60	0.02%	0.02%	6,048	6,048	0	0	0	0	0	0	6,108	6,108	1.80%	1.80%	0
Director	Hsieh, Tung-Fu	60	60	0	0	0	0	0	0	60	60	0.02%	0.02%	4,205	5,266	108	108	0	0	0	0	4,373	5,434	1.29%	1.61%	0
Director	Lee, Cheng-Han	60	60	0	0	0	0	0	0	60	60	0.02%	0.02%	3,382	3,382	108	108	0	0	0	0	3,550	3,550	1.05%	1.05%	0
Director	Chen, Chih-Pin	480	480	0	0	0	0	0	0	480	480	0.14%	0.14%	0	0	0	0	0	0	0	0	480	480	0.14%	0.14%	0
Independent Director	Lin, Kuan-Chao	495	495	0	0	0	0	0	0	495	495	0.15%	0.15%	0	0	0	0	0	0	0	0	495	495	0.15%	0.15%	0
Independent Director	He, Ju- Hsiang	495	495	0	0	0	0	0	0	495	495	0.15%	0.15%	0	0	0	0	0	0	0	0	495	495	0.15%	0.15%	0
Independent Director	Wei, Che-Chen	495	495	0	0	0	0	0	0	495	495	0.15%	0.15%	0	0	0	0	0	0	0	0	495	495	0.15%	0.15%	0

Note 1: According to the Articles of Incorporation, regardless of any profit or loss, all directors performing duties for Sysgration may claim travel allowance and remuneration, which will be paid, as authorized, by the Board of Directors taking into account the standard in the industry. Among the current directors, those who are also employees will be paid a monthly amount of NT\$5 thousand as remuneration. The ordinary and independent directors who are not employees will be paid a monthly amount of NT\$50 thousand as remuneration due to the responsibilities and risks they bear and after giving consideration to the time they have invested in corporate governance and the fact that independent directors also serve as members of the Audit Committee and the Remuneration Committee, taking into account the standard in the industry.

Note 2: According to the Articles of Incorporation, where Sysgration has a profit in a year, it shall allocate no more than 3% thereof as the remuneration for directors, provided that an amount thereof is retained to offset any accumulated losses Sysgration still has. The remuneration for each director is based on the level of his/her participation in and his/her contribution to the operations of Sysgration. Pursuant to the "Regulations for Evaluation of the Performance of the Board of Directors," a performance evaluation is conducted each year to review the performance of directors comprehensively based on items including their understanding of the goals and missions of Sysgration, the awareness of their responsibilities, the level of their participation in the operations of Sysgration, management and communication regarding internal relationship, the professionalism and continuing training of directors, and internal control. In 2021 and 2022, the Remuneration Committee, Audit Committee and Board of Directors approved that no remuneration was distributed to directors.

Note 3: Severance Pay was defined contribution amount allocated, not the actual amount paid.

Appendix 4

2022 Report on Execution of Private Placement.

Item	1 st private placement of 2022 Date of issue: December 2, 2022	2 nd private placement of 2022 Date of issue: April 25, 2023
Type of privately placed securities	Common shares	Common shares
Shareholders' meeting approval date and amount approved	On April 29, 2022, the shareholders' meeting approved the issue of a maximum of 25,000,000 common shares in two installments. 10,250,000 common shares were issued for the 1 st private placement.	On April 29, 2022, the shareholders' meeting approved the issue of a maximum of 25,000,000 common shares in two installments. 12,600,000 common shares were issued for 2 nd private placement.
Basis and reasonableness of the price determined	<p>1. The price for the current private placement must be no less than 80% of the higher of the prices calculated on the following bases:</p> <p>(1) The simple arithmetic mean of the closing prices of common shares of the 1, 3 or 5 business days prior to the pricing date, less the ex-rights and ex-dividend price after distribution of bonus shares, and plus the reversed ex-rights price after capital reduction; or</p> <p>(2) The simple arithmetic average of the closing prices of common shares of the 30 business days prior to the pricing date, less the ex-rights and ex-dividend price after distribution of bonus shares, and plus the reversed ex-rights price after capital reduction.</p> <p>2. Using the pricing method above and setting October 18, 2022 as the pricing date, the simple arithmetic average of the closing prices of common shares of the 1, 3 or 5 business days prior to the pricing date are NTD36.55, NTD35.93 and NTD36.43 respectively, and the simple arithmetic average of the closing prices of common shares of the 30 business days prior to the pricing date is NTD39.25. The reference price for the current private placement is thus NTD39.25, the higher of the aforementioned prices. The actual price for private placement is set to NTD32, which is 81.53% of the reference price and not less than 80%, the minimum percentage determined by the annual shareholders' meeting.</p>	<p>1. The price for the current private placement must be no less than 80% of the higher of the prices calculated on the following bases:</p> <p>(1) The simple arithmetic mean of the closing prices of common shares of the 1, 3 or 5 business days prior to the pricing date, less the ex-rights and ex-dividend price after distribution of bonus shares, and plus the reversed ex-rights price after capital reduction; or</p> <p>(2) The simple arithmetic average of the closing prices of common shares of the 30 business days prior to the pricing date, less the ex-rights and ex-dividend price after distribution of bonus shares, and plus the reversed ex-rights price after capital reduction.</p> <p>2. Using the pricing method above and setting March 9, 2023 as the pricing date, the simple arithmetic average of the closing prices of common shares of the 1, 3 or 5 business days prior to the pricing date are NTD44.2, NTD43.75 and NTD43.17 respectively, and the simple arithmetic average of the closing prices of common shares of the 30 business days prior to the pricing date is NTD43.17. The reference price for the current private placement is thus NTD43.17, the higher of the aforementioned prices. The actual price for private placement is set to NTD35, which is 81.07% of the reference price and not less than 80%, the minimum percentage determined by the annual shareholders' meeting.</p>
Method for selection of specific persons	On April 29, 2022, the shareholders' meeting gave full authorization to the Chairman for the selection of specific persons, whose scope is limited to specific persons meeting the requirements of Article 43-6 of the Securities and Exchange Act and Order (2002) Tai-Cai-Zheng-Yi-Zi No. 0910003455 dated June 13, 2002 from the Financial Supervisory Commission and insiders and related parties, and where no significant change in management has occurred.	
Reasons necessary for private placement	Considering the timeliness, feasibility and cost of issue for capital raising and the requirement that privately placed securities may not be freely transferred within three years, we will be able to ensure the long-term shareholding relationship between us and subscribers. Moreover, we will effectively increase the flexibility and adaptability of capital raising by authorizing the Board of Directors to engage in private placement depending on the actual needs of our operations. Therefore, we propose to issue shares through private placement instead of public offering.	
Date of completion of share price payment	October 31, 2022	March 21 2023
ZSSJ No	ZSSJ No. 11101216530	ZSSJ No. 11230056000

Item	1 st private placement of 2022 Date of issue: December 2, 2022					2 nd private placement of 2022 Date of issue: April 25, 2023					
Subscriber information	Subscriber	Eligibility	Number of shares purchased	Relationship with Sysgration	Participation in the management of Sysgration	Subscriber	Eligibility	Number of shares purchased	Relationship with Sysgration	Participation in the management of Sysgration	
	Lin, Yu-Yeh	The criteria under subparagraph 2, paragraph 1, Article 43-6 of the Securities and Exchange Act	5,400,000	None	None	Lee, Yi-Ren	The criteria under subparagraph 2, paragraph 1, Article 43-6 of the Securities and Exchange Act	700,000	Chairman	Chairman	
	Well Hand Electronics Co., Ltd.		1,000,000	None	None	Dai, Yi-Ying		500,000	Employee	None	
	Hu, Yao-Jen		500,000	None	None	Lee, Cheng-Ta		200,000	Employee	None	
	Wu, Chung-Chieh		500,000	None	None	Chang, Ching-Chuan		300,000	None	None	
	Lin, Mei-Na		600,000	None	None	Wu, Hsi-Kun		2,000,000	None	None	
	Chen, Hsin-An		500,000	None	None	Tai, Feng-Yi		600,000	None	None	
	Tseng, Pai-Yu		500,000	None	None	Chen, Wen-Shu		700,000	None	None	
	Chen, Jui-Chang		500,000	None	None	Sung, Fang-Pei		250,000	None	None	
	JBA Global Fund SPC – JBA Global Master SP		750,000	None	None	Sung, Ping-Chung		250,000	None	None	
								Wu, Chung-He	500,000	None	None
								Liu, Hsiao-Lan	500,000	None	None
								Hsueh, Nai-Jen	200,000	None	None
								Wu, Kun-Yang	300,000	None	None
					Baldwin Asset Management Co., Ltd.	3,200,000	None	None			
					CTBC Venture Capital Co., Ltd.	1,400,000	None	None			
					Fu Li Investment Co., Ltd.	1,000,000	None	None			
Actual purchase price	NTD32 per share.					NTD35 per share.					
Difference between the actual purchase price and the reference price	The actual purchase price is NTD32 per share, which is 81.53% of the reference price.					The actual purchase price is NTD35 per share, which is 81.07% of the reference price.					
The effect of private placement on shareholders' equity	The funds we acquire through private placement of common shares for capital increase by cash will be used to replenish working capital, repay bank loans, reduce interest expenses and improve our financial structure, with a positive effect on shareholders' equity.										
The use of privately placed funds and the progress in implementation of the plan	The total amount for the plan is NTD328,000 thousand. The fund was used to replenish working capital and repay part of our bank loans after completion of its raising according planning schedule.					The total amount for the current plan is NTD441,000 thousand, which will be used to replenish working capital and repay part of our bank loans after raising.					
Significance of the benefits of private placement	The funds raised in the current private placement will be used to repay bank loans and replenish working capital, achieving the benefits of strengthening our financial structure and reducing interest expense.										

Appendix 5

2022 Auditors' Report and Parent Company Only Financial Statements



INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Sysgration Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Sysgration Ltd. as at December 31, 2022 and 2021, and the related parent company only balance statements of comprehensive income, of changes in equity and of 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 Sysgration Ltd. as at December 31, 2022 and 2021, 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 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 Company in accordance with the Norm of Professional Ethics for Certified Public Accountants 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 parent company only 2022 financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 financial statements are stated as follows:

Existence and occurrence of revenue

Description

Please refer to Note 4(29) for accounting policies on revenue recognition and Note 6(22) for details of sales revenue.

Sysgration Ltd. is engaged in the manufacture and sales of automobile electronics products and power management products. Revenue is the main indicator of whether the Company achieves its business and financial goals, and existence and occurrence of revenue have a significant impact on financial reports. Thus, we considered the existence and occurrence of revenue as a key audit matter.

How our audit addressed the matter

The key audit procedures performed in respect of the above included the following:

- A. Obtained an understanding of and tested the internal control procedures of recognition of revenue and tested the effectiveness in exercising internal controls in relation to sales revenue.
- B. Obtained the details of revenue and verified customers' orders, delivery orders, sales invoices, bill of lading and receipt of customers to confirm whether the sales revenue transactions indeed occurred.
- C. Examined the content and related supporting documents of sales returns and discounts after the balance sheet date and checked the subsequent collection to confirm the reality of sales revenue recognition.

Valuation of allowance for inventory valuation losses

Description

Sysgration Ltd. is primarily engaged in the manufacture and sale of automobile electronics products and power management products. Because of the rapid change of electronic products, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. Sysgration Ltd.'s inventories are measured at the lower of cost and net realisable value, and individually assessed for those inventories over a certain age in order to identify obsolete or slow-moving inventories. The material's net realisable value is calculated based on the latest purchase price, and the net realisable values of work in process

and finished goods are measured at the last sales price as well as taken into consideration of the operating expense ratio.

The industry technology is rapidly changing, and the net realisable value involves subjective judgement result in an uncertainty when assessing the obsolete or slow-moving inventories. Considering that the inventory and allowance for inventory valuation losses were material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

Refer to Note 4(12) for accounting policy on inventory, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for detailed information on allowance for inventory valuation losses.

How our audit addressed the matter:

The key audit procedures performed in respect of the above included the following:

- A. Assessed the reasonableness of provision policies on allowance for inventory valuation losses based on our understanding of the Sysgration Ltd.'s operations and the characteristics of the industry, including the classification of inventory for determining net realisable value and the reasonableness of determining the obsolescence of inventory.
- B. Obtained an understanding of the Sysgration Ltd.'s warehousing control procedures. Reviewed the annual physical inventory count plan and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
- C. Obtained an understanding of the policy on inventory aging report and the logic of inventory aging report program. Selected samples to verify the accuracy of inventory aging report.
- D. Verified the reasonableness of inventory valuation basis, including sampled the latest purchase price, purchase invoice, the latest sales price and sales invoices in order to verify that the inventory was measured at the lower of cost and net realisable value.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal 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 parent company only 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 parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 parent company only financial statements.

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

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 controls.


- B. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. 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.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 controls 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.


Chih, Ping-Chiun


Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SYSGRATION LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,132,693	32	\$ 683,913	26
1110	Current financial assets at fair value through profit or loss	6(2)	139	-	1,477	-
1136	Current financial assets at amortised cost	6(4) and 8	100,501	3	100,501	4
1150	Notes receivable, net	6(5) and 12(2)	2,521	-	3,050	-
1170	Accounts receivable, net	6(5) and 12(2)	848,505	24	522,918	20
1180	Accounts receivable-related parties	7	5,002	-	2,843	-
1200	Other receivables		11,786	1	8,038	-
1210	Other receivables-related parties	7	68,418	2	68,409	3
1220	Current tax assets	6(29)	185	-	84	-
130X	Inventories	6(6)	282,236	8	309,430	12
1470	Other current assets		11,119	-	13,405	1
11XX	Current assets		<u>2,463,105</u>	<u>70</u>	<u>1,714,068</u>	<u>66</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	12,460	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	148,952	4	96,038	4
1535	Non-current financial assets at amortised cost	6(4) and 8	20,700	1	24,800	1
1550	Investments accounted for using equity method	6(7)	468,566	13	382,979	15
1600	Property, plant and equipment	6(8) and 8	300,506	9	291,046	11
1755	Right-of-use assets	6(9)	16,065	-	26,852	1
1760	Investment property, net	6(10)	4,025	-	4,162	-
1780	Intangible assets	6(11)	16,442	-	11,356	-
1840	Deferred tax assets	6(29)	30,851	1	31,107	1
1900	Other non-current assets		57,971	2	16,946	1
15XX	Non-current assets		<u>1,076,538</u>	<u>30</u>	<u>885,286</u>	<u>34</u>
1XXX	Total assets		<u>\$ 3,539,643</u>	<u>100</u>	<u>\$ 2,599,354</u>	<u>100</u>

(Continued)

SYSGRATION LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2130	Current contract liabilities	6(22)	\$ 7,674	-	\$ 6,582	-
2150	Notes payable		1,723	-	986	-
2170	Accounts payable		238,324	7	265,257	10
2180	Accounts payable-related parties	7	371,530	11	276,093	11
2200	Other payables	6(14)(31)	153,019	4	116,871	4
2220	Other payables-related parties	7	1,911	-	88	-
2250	Current provisions	6(17)	21,246	1	7,179	-
2280	Current lease liabilities		13,547	-	15,302	1
2320	Long-term liabilities, current portion	6(12)(13) and 8	542,374	15	533,211	21
2399	Other current liabilities, others		15,034	1	21,870	1
21XX	Current liabilities		<u>1,366,382</u>	<u>39</u>	<u>1,243,439</u>	<u>48</u>
Non-current liabilities						
2530	Bonds payable	6(13)	-	-	-	-
2540	Long-term borrowings	6(12) and 8	227,589	6	137,881	5
2580	Non-current lease liabilities		2,703	-	11,716	1
2600	Other non-current liabilities		198	-	198	-
25XX	Non-current liabilities		<u>230,490</u>	<u>6</u>	<u>149,795</u>	<u>6</u>
2XXX	Liabilities		<u>1,596,872</u>	<u>45</u>	<u>1,393,234</u>	<u>54</u>
Equity						
Share capital						
6(18)						
3110	Ordinary share		1,670,605	47	1,545,534	59
3140	Advance receipts for share capital		9,627	-	9,956	-
Capital surplus						
6(19)						
3200	Capital surplus		310,036	9	160,349	6
Retained earnings						
6(20)						
3320	Special reserve		-	-	35,953	1
3350	Retained earnings (Accumulated deficit)		44,968	1	(454,770)	(17)
Other equity interest						
6(21)						
3400	Other equity interest		(92,465)	(2)	(90,902)	(3)
3XXX	Equity		<u>1,942,771</u>	<u>55</u>	<u>1,206,120</u>	<u>46</u>
Significant contingent liabilities and unrecognised contract commitments						
9						
Significant events after the balance sheet date						
11						
3X2X	Total liabilities and equity		<u>\$ 3,539,643</u>	<u>100</u>	<u>\$ 2,599,354</u>	<u>100</u>

SYSGRATION LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(22) and 7	\$ 3,189,385	100	\$ 2,120,074	100
5000	Operating costs	6(6)(15)(16)(26)(27) and 7	(2,541,172)	(79)	(1,756,220)	(83)
5900	Gross profit from operations		648,213	21	363,854	17
	Operating expenses	6(15)(16)(26)(27) and 7				
6100	Selling expenses		(81,691)	(3)	(56,426)	(2)
6200	Administrative expenses		(166,846)	(5)	(130,653)	(6)
6300	Research and development expenses		(154,294)	(5)	(127,411)	(6)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS9	12(2)	(5,861)	-	31	-
6000	Operating expenses		(408,692)	(13)	(314,459)	(14)
6900	Net operating income		239,521	8	49,395	3
	Non-operating income and expenses					
7100	Interest income	6(4)(23)	3,141	-	1,175	-
7010	Other income	6(3)(10)(24)	3,517	-	16,552	1
7020	Other gains and losses	6(2)(25)	30,368	1	(661)	-
7050	Finance costs	6(9)(12)(13)(28)	(7,983)	-	(6,432)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(7)	69,935	2	35,318	1
7000	Non-operating income and expenses		98,978	3	45,952	2
7900	Profit before income tax		338,499	11	95,347	5
7950	Income tax expense	6(29)	-	-	-	-
8200	Profit for the year		\$ 338,499	11	\$ 95,347	5
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss	6(3)(21)(29)				
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(\$ 14,372)	-	\$ 10,058	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		2,874	-	(2,012)	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(11,498)	-	8,046	-
	Components of other comprehensive income that will be reclassified to profit or loss	6(21)(29)				
8361	Exchange differences on translation		15,652	-	(3,779)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(3,130)	-	756	-
8360	Components of other comprehensive Income (loss) that will be reclassified to profit or loss		12,522	-	(3,023)	-
8300	Other comprehensive income for the year, net of tax		\$ 1,024	-	\$ 5,023	-
8500	Total comprehensive income for the year		\$ 339,523	11	\$ 100,370	5
	Basic earnings per share	6(30)				
9750	Basic earnings per share		\$ 2.14		\$ 0.62	
	Diluted earnings per share	6(30)				
9850	Diluted earnings per share		\$ 1.99		\$ 0.58	

SYSGRATION LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Share Capital		Capital Surplus	Retained Earnings		Other Equity Interest		Total equity
		Ordinary share	Advance receipts for share capital	Capital Surplus	Special reserve	Retained earnings (Accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
Year 2021									
Balance at January 1, 2021		\$ 1,524,847	\$ 15,958	\$ 135,896	\$ 35,953	(\$ 550,117)	(\$ 61,025)	(\$ 34,900)	\$ 1,066,612
Profit for the year		-	-	-	-	95,347	-	-	95,347
Other comprehensive income (loss) for the 6(21) year		-	-	-	-	-	(3,023)	8,046	5,023
Total comprehensive income (loss)		-	-	-	-	95,347	(3,023)	8,046	100,370
Share-based compensation cost	6(16)(18)(19)	-	-	14,527	-	-	-	-	14,527
Conversion of convertible bonds	6(18)(19)(32)	29	2,200	5,442	-	-	-	-	7,671
Exercise of employee stock options	6(18)(19)	20,658	(8,202)	4,484	-	-	-	-	16,940
Balance at December 31, 2021		<u>\$ 1,545,534</u>	<u>\$ 9,956</u>	<u>\$ 160,349</u>	<u>\$ 35,953</u>	<u>(\$ 454,770)</u>	<u>(\$ 64,048)</u>	<u>(\$ 26,854)</u>	<u>\$ 1,206,120</u>
Year 2022									
Balance at January 1, 2022		\$ 1,545,534	\$ 9,956	\$ 160,349	\$ 35,953	(\$ 454,770)	(\$ 64,048)	(\$ 26,854)	\$ 1,206,120
Profit for the year		-	-	-	-	338,499	-	-	338,499
Other comprehensive income (loss) for the 6(21) year		-	-	-	-	-	12,522	(11,498)	1,024
Total comprehensive income (loss)		-	-	-	-	338,499	12,522	(11,498)	339,523
Share-based compensation cost	6(16)(18)(19)	-	-	10,834	-	-	-	-	10,834
Conversion of convertible bonds	6(18)(19)(32)	7,257	1,360	21,144	-	-	-	-	29,761
Exercise of employee stock options	6(18)(19)	15,314	(1,689)	14,908	-	-	-	-	28,533
Proceeds from disposal of equity instruments at fair value through other comprehensive income	6(3)(21)	-	-	-	-	2,587	-	(2,587)	-
Capital surplus used to offset accumulated deficit	6(20)	-	-	(122,699)	-	122,699	-	-	-
Special reserve used to offset accumulated deficit	6(20)	-	-	-	(35,953)	35,953	-	-	-
Cash capital increase	6(18)	102,500	-	225,500	-	-	-	-	328,000
Balance at December 31, 2022		<u>\$ 1,670,605</u>	<u>\$ 9,627</u>	<u>\$ 310,036</u>	<u>\$ -</u>	<u>\$ 44,968</u>	<u>(\$ 51,526)</u>	<u>(\$ 40,939)</u>	<u>\$ 1,942,771</u>

SYSGRATION LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 338,499	\$ 95,347
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on financial assets and financial liabilities at fair value through profit or loss	6(2)(25)	878	773
Expected credit impairment (loss) profit	12(2)	5,861	(31)
Depreciation	6(8)(9)(10)(26)	56,211	47,048
Gain on disposal of property, plant and equipment	6(25)	(2)	(122)
Amortisation	6(11)(26)	16,084	10,393
Share of profit of subsidiaries and associates for using the equity method	6(7)		
Interest expense	6(9)(12)(13)(28)	(69,935)	(35,318)
Interest income	6(23)	7,983	6,432
Dividend income	6(24)	(3,141)	(1,175)
Share-based compensation cost	6(16)(19)(27)	(1,105)	(1,874)
10,834			14,527
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		535	(3,081)
Accounts receivable		(331,454)	(190,594)
Accounts receivables - related parties		(2,159)	(2,843)
Other receivables		(3,361)	(4,206)
Other receivables - related parties		(9)	3,430
Inventories		27,194	(233,387)
Other current assets		2,286	(8,565)
Changes in operating liabilities			
Current contract liabilities		1,092	5,084
Notes payable		737	271
Accounts payable		(26,933)	183,989
Accounts payable-related parties		95,437	53,498
Other payables		37,259	38,448
Other payables-related parties		1,823	(3,308)
Current provisions		14,067	6,171
Other current liabilities, others		(6,836)	(7,623)
Cash inflow (outflow) generated from operations		171,845	(26,716)
Interest paid		(3,246)	(1,631)
Interest received		2,754	1,205
Dividend received		1,105	1,874
Income tax paid		(101)	(20)
Income tax refunded		-	400
Net cash flows from (used in) operating activities		<u>172,357</u>	<u>(24,888)</u>

(Continued)

SYSGRATION LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 12,000)	\$ -
Acquisition of financial assets at fair value through other comprehensive income		(80,786)	(37,354)
Proceeds from disposal of financial assets at fair value through other comprehensive income		13,500	-
Increased in financial assets at amortised cost		4,100	(5,800)
Acquisition of property, plant and equipment	6(31)	(48,140)	(35,029)
Proceeds from disposal of property, plant and equipment		37	1,539
Acquisition of intangible assets	6(11)	(21,170)	(12,572)
Increase in refundable deposits		(921)	(166)
Increase in prepayments for business facilities		(37,656)	(4,190)
Decrease in other current assets		(2,448)	884
Net cash flows used in investing activities		(185,484)	(92,688)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(12)(32)	196,530	119,200
Repayment of long-term borrowings	6(12)(32)	(72,186)	(37,656)
Proceeds from exercise of employee stock options	6(19)	28,533	16,940
Payments of lease liabilities	6(9)(32)	(18,970)	(14,910)
Increase in guarantee deposits received		-	198
Cash capital increase	6(18)	328,000	-
Net cash flows from financing activities		461,907	83,772
Net increase (decrease) in cash and cash equivalents		448,780	(33,804)
Cash and cash equivalents at beginning of year		683,913	717,717
Cash and cash equivalents at end of year		\$ 1,132,693	\$ 683,913

Appendix 6

2022 Auditors' Report and Consolidated Financial Statements



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Sysgration Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Sysgration Ltd. and subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of 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 at December 31, 2022 and 2021, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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 Accountants 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Existence and occurrence of revenue

Description

Please refer to Note 4(30) for accounting policies on revenue recognition and Note 6(23) for details of sales revenue.

The Group is primarily engaged in the manufacture and sales of automobile electronics products and power management products. Revenue is the main indicator of whether the Group achieves its business and financial goals, and existence and occurrence of revenue have a significant impact on financial reports. Thus, we considered the existence and occurrence of revenue as a key audit matter.

How our audit addressed the matter

The key audit procedures performed in respect of the above included the following:

- A. Obtained an understanding of and tested the internal control procedures of recognition of revenue and tested the effectiveness in exercising internal controls in relation to sales revenue.
- B. Obtained the details of revenue and verified customers' orders, delivery orders and sales invoices to confirm whether the sales revenue transactions indeed occurred.
- C. Examined the content and related supporting documents of sales returns and discounts after the balance sheet date and checked the subsequent collection to confirm the reality of sales revenue recognition.

Valuation of allowance for inventory valuation losses

Description

Please refer to Note 4(14) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for allowance for inventory valuation losses. As at December 31, 2022, the Group's inventories and allowances for inventory valuation losses were NT\$457,337 thousand and NT\$34,335 thousand, respectively.

The Group is primarily engaged in the manufacture and sale of automobile electronics products and power management products. Because of the rapid change in development of electronic products, there is a higher risk of incurring inventory valuation losses or having obsolete inventory.

The Group's inventories are measured at the lower of cost and net realisable value, and individually assessed for those inventories over a certain age in order to identify obsolete or slow-moving inventories. The material's net realisable value is calculated based on the latest purchase price, and the net realisable

values of work in process and finished goods are measured at the last sales price as well as taken into consideration of the operating expense ratio.

The industry technology is rapidly changing, and the net realisable value of inventories involves subjective judgement resulting in an uncertainty when assessing the obsolete or slow-moving inventories. Considering that the inventory and allowance for inventory valuation losses were material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter:

The key audit procedures performed in respect of the above included the following:

- A. Assessed the reasonableness of provision policies on allowance for inventory valuation losses based on our understanding of the Group's operations and the characteristics of the industry, including the classification of inventory for determining net realisable value and the reasonableness of determining the obsolescence of inventory.
- B. Obtained an understanding of the Group's warehousing control procedures. Reviewed the annual physical inventory count plan and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
- C. Obtained an understanding of the policy on inventory aging report and the logic of inventory aging report program. Selected samples to verify the accuracy of inventory aging report.
- D. Verified the reasonableness of inventory valuation basis, including test sampling the latest purchase price, purchase invoice, the latest sales price and sales invoices in order to verify that the inventory was measured at the lower of cost and net realisable value.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion, with an other matter paragraph, on the parent company only financial statements of Sysgration Ltd. as at and for the years ended December 31, 2022 and 2021.

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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 maintain professional skepticism throughout the audit. We also:

- A. 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.

- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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.
- E. 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.
- F. Obtain sufficient 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.


Chih, Ping-Chiun


Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,228,963	34	\$ 840,787	29
1110	Financial assets at fair value through profit or loss - current	6(2)	139	-	1,477	-
1136	Current financial assets at amortised cost	6(1)(4) and 8	100,501	3	100,501	4
1150	Notes receivable, net	6(5) and 12(2)	2,521	-	5,387	-
1170	Accounts receivable, net	6(5) and 12(2)	918,035	26	616,685	21
1200	Other receivables		12,317	-	13,831	1
1220	Current income tax assets	6(30)	185	-	84	-
130X	Inventories	6(6)	423,002	12	548,488	19
1470	Other current assets	6(7)	75,878	2	96,498	3
11XX	Current assets		<u>2,761,541</u>	<u>77</u>	<u>2,223,738</u>	<u>77</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	12,460	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	148,952	4	96,038	3
1535	Non-current financial assets at amortised cost	6(1)(4) and 8	20,700	1	24,800	1
1600	Property, plant and equipment	6(8) and 8	453,061	13	418,033	14
1755	Right-of-use assets	6(9)	29,955	1	49,977	2
1760	Investment property - net	6(10)	4,025	-	4,162	-
1780	Intangible assets	6(11)	19,843	1	14,650	1
1840	Deferred income tax assets	6(30)	30,851	1	31,107	1
1900	Other non-current assets		87,973	2	39,407	1
15XX	Non-current assets		<u>807,820</u>	<u>23</u>	<u>678,174</u>	<u>23</u>
1XXX	Total assets		<u>\$ 3,569,361</u>	<u>100</u>	<u>\$ 2,901,912</u>	<u>100</u>

(Continued)

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	\$ 8,816	-	\$ 8,688	-
2130	Current contract liabilities	6(23)	10,112	-	21,198	1
2150	Notes payable		1,724	-	986	-
2170	Accounts payable		589,317	17	773,660	27
2200	Other payables	6(15)(32)	179,322	5	140,457	5
2250	Current provisions	6(18)	21,246	1	7,179	-
2280	Current lease liabilities		20,834	1	24,749	1
2320	Long-term liabilities, current portion	6(13)(14) and 8	542,374	15	533,211	18
2399	Other current liabilities, others		15,450	-	21,883	1
21XX	Current liabilities		<u>1,389,195</u>	<u>39</u>	<u>1,532,011</u>	<u>53</u>
	Non-current liabilities					
2530	Bonds payable	6(13)	-	-	-	-
2540	Long-term borrowings	6(14) and 8	227,589	7	137,881	4
2580	Non-current lease liabilities		9,608	-	25,702	1
2600	Other non-current liabilities		198	-	198	-
25XX	Non-current liabilities		<u>237,395</u>	<u>7</u>	<u>163,781</u>	<u>5</u>
2XXX	Total liabilities		<u>1,626,590</u>	<u>46</u>	<u>1,695,792</u>	<u>58</u>
	Equity attributable to owners of the parent					
	Share capital	6(19)				
3110	Ordinary shares		1,670,605	47	1,545,534	53
3140	Advance receipts for share capital		9,627	-	9,956	1
	Capital surplus	6(20)				
3200	Capital surplus		310,036	8	160,349	6
	Retained earnings	6(21)				
3320	Special reserve		-	-	35,953	1
3350	Retained earnings (Accumulated deficit)		44,968	1	(454,770)	(16)
	Other equity interest	6(22)				
3400	Other equity interest		(92,465)	(2)	(90,902)	(3)
31XX	Equity attributable to owners of the parent		<u>1,942,771</u>	<u>54</u>	<u>1,206,120</u>	<u>42</u>
3XXX	Total equity		<u>1,942,771</u>	<u>54</u>	<u>1,206,120</u>	<u>42</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 3,569,361</u>	<u>100</u>	<u>\$ 2,901,912</u>	<u>100</u>

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(23)	\$ 3,404,355	100	\$ 2,454,678	100
5000	Operating costs	6(6)(16)(17)(28)				
		(29) and 7	(2,599,804)	(76)	(1,966,153)	(80)
5900	Gross profit from operations		804,551	24	488,525	20
	Operating expenses	6(16)(17)(28)				
		(29)				
6100	Selling expenses		(97,912)	(3)	(69,467)	(3)
6200	Administrative expenses		(198,567)	(6)	(149,368)	(6)
6300	Research and development expenses		(201,626)	(6)	(189,409)	(8)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	(2,324)	-	3,280	-
6000	Total operating expenses		(500,429)	(15)	(404,964)	(17)
6900	Operating profit		304,122	9	83,561	3
	Non-operating income and expenses					
7100	Interest income	6(4)(24)	3,488	-	1,483	-
7010	Other income	6(3)(10)(25)	5,532	-	20,110	1
7020	Other gains and losses	6(2)(26)	33,829	1	(2,578)	-
7050	Finance costs	6(9)(12)(13)(14)				
		(27)	(8,472)	-	(7,229)	-
7000	Total non-operating income and expenses		34,377	1	11,786	1
7900	Profit before income tax		338,499	10	95,347	4
7950	Income tax expense	6(30)	-	-	-	-
8200	Profit for the year		\$ 338,499	10	\$ 95,347	4

(Continued)

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss	6(3)(22)(30)				
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(\$ 14,372)	-	\$ 10,058	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		2,874	-	(2,012)	-
8310 Total other comprehensive (loss) income that will not be reclassified to profit or loss, net of tax		(11,498)	-	8,046	-
Components of other comprehensive income that will be reclassified to profit or loss	6(22)(30)				
8361 Exchange differences on translation		15,652	-	(3,779)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(3,130)	-	756	-
8360 Total other comprehensive income (loss) that will be reclassified to profit or loss, net of tax		12,522	-	(3,023)	-
8300 Other comprehensive income for the year, net of tax		\$ 1,024	-	\$ 5,023	-
8500 Total comprehensive income for the year		\$ 339,523	10	\$ 100,370	4
Profit, attributable to:					
8610 Owners of the parent		\$ 338,499	10	\$ 95,347	4
8620 Non-controlling interest		-	-	-	-
		\$ 338,499	10	\$ 95,347	4
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 339,523	10	\$ 100,370	4
8720 Non-controlling interest		-	-	-	-
		\$ 339,523	10	\$ 100,370	4
9750 Basic earnings per share	6(31)	\$	2.14	\$	0.62
9850 Diluted earnings per share	6(31)	\$	1.99	\$	0.58

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Equity attributable to owners of the parent							Total equity
		Share Capital		Capital Surplus	Retained Earnings		Other Equity Interest		
		Ordinary shares	Advance receipts for share capital	Capital Surplus	Special reserve	Retained earnings (Accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
Year 2021									
Balance at January 1, 2021		\$ 1,524,847	\$ 15,958	\$ 135,896	\$ 35,953	(\$ 550,117)	(\$ 61,025)	(\$ 34,900)	\$ 1,066,612
Profit for the year		-	-	-	-	95,347	-	-	95,347
Other comprehensive (loss) income for the 6(22) year		-	-	-	-	-	(3,023)	8,046	5,023
Total comprehensive income (loss)		-	-	-	-	95,347	(3,023)	8,046	100,370
Share-based compensation cost	6(17)(19)(20)	-	-	14,527	-	-	-	-	14,527
Convertible bonds	6(19)(20)(32)	29	2,200	5,442	-	-	-	-	7,671
Exercise of employee stock options	6(19)(20)	20,658	(8,202)	4,484	-	-	-	-	16,940
Balance at December 31, 2021		\$ 1,545,534	\$ 9,956	\$ 160,349	\$ 35,953	(\$ 454,770)	(\$ 64,048)	(\$ 26,854)	\$ 1,206,120
Year 2022									
Balance at January 1, 2022		\$ 1,545,534	\$ 9,956	\$ 160,349	\$ 35,953	(\$ 454,770)	(\$ 64,048)	(\$ 26,854)	\$ 1,206,120
Profit for the year		-	-	-	-	338,499	-	-	338,499
Other comprehensive (loss) income for the 6(22) year		-	-	-	-	-	12,522	(11,498)	1,024
Total comprehensive income (loss)		-	-	-	-	338,499	12,522	(11,498)	339,523
Share-based compensation cost	6(17)(19)(20)	-	-	10,834	-	-	-	-	10,834
Convertible bonds	6(19)(20)(32)	7,257	1,360	21,144	-	-	-	-	29,761
Exercise of employee stock options	6(19)(20)	15,314	(1,689)	14,908	-	-	-	-	28,533
Disposal of fair value through other comprehensive income	6(3)(22)	-	-	-	-	2,587	-	(2,587)	-
Capital surplus used to offset accumulated deficit	6(21)	-	-	(122,699)	-	122,699	-	-	-
Special reserve used to offset accumulated deficit	6(21)	-	-	-	(35,953)	35,953	-	-	-
Cash capital increase	6(19)	102,500	-	225,500	-	-	-	-	328,000
Balance at December 31, 2022		\$ 1,670,605	\$ 9,627	\$ 310,036	\$ -	\$ 44,968	(\$ 51,526)	(\$ 40,939)	\$ 1,942,771

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 338,499	\$ 95,347
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets or liabilities at fair value through profit or loss	6(26)	878	277
Expected credit impairment gain (loss)	12(2)	2,324	(3,280)
Depreciation	6(8)(9)(10)(28)	98,567	82,969
Amortisation	6(11)(28)	16,722	10,891
Loss (gain) on disposal of property, plant and equipment	6(26)	2,362	(45)
Interest expense	6(9)(12)(13)(14)(27)	8,472	7,229
Interest income	6(24)	(3,488)	(1,483)
Dividend income	6(25)	(1,105)	(1,874)
Share-based payments	6(17)(20)(29)	10,834	14,527
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,872	(5,356)
Accounts receivable		(303,327)	(277,190)
Other receivables		1,901	(8,856)
Inventories		125,486	(405,759)
Other current assets		20,620	(41,845)
Changes in operating liabilities			
Contract liabilities		(11,086)	17,387
Notes payable		738	271
Accounts payable		(184,343)	443,584
Other payables		39,776	46,326
Other payables - related parties		-	(2,889)
Current provisions		14,067	6,171
Other current liabilities		(6,433)	(7,775)
Cash inflow (outflow) generated from operations		174,336	(31,373)
Interest received		3,101	1,483
Interest paid		(3,457)	(2,028)
Income tax paid		(101)	(20)
Income tax refunded		-	399
Dividend received		1,105	1,874
Net cash flows from (used in) operating activities		174,984	(29,665)

(Continued)

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	12(3)	(\$ 80,786)	(\$ 37,353)
Proceeds from disposal of financial assets at fair value through profit or loss		-	104,256
Acquisition of financial assets at fair value through profit or loss	12(3)	(12,000)	(60,816)
Proceeds from disposal of financial assets at fair value through other comprehensive income		13,500	-
Increased in financial assets at amortised cost		4,100	(5,800)
Acquisition of property, plant and equipment	6(32)	(107,036)	(60,188)
Proceeds from disposal of property, plant and equipment		423	1,650
Acquisition of intangible assets	6(11)	(21,865)	(12,872)
Increase in refundable deposits		(1,351)	(333)
Increase in prepayments for business facilities		(45,612)	(22,537)
Increase in other non-current assets		(1,603)	(1,008)
Net cash flows used in investing activities		(252,230)	(95,001)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		-	(11,009)
Proceeds from long-term borrowings	6(33)	196,530	119,200
Repayment of long-term borrowings	6(33)	(72,186)	(37,656)
Exercise of employee share options	6(19)	28,533	16,940
Payments of lease liabilities	6(9)(33)	(28,866)	(24,148)
Increase in guarantee deposits received		-	198
Cash capital increase	6(19)(33)	328,000	-
Net cash flows from financing activities		452,011	63,525
Effect of exchange rate changes on cash and cash equivalents		13,411	(2,289)
Net increase (decrease) in cash and cash equivalents		388,176	(63,430)
Cash and cash equivalents at beginning of year		840,787	904,217
Cash and cash equivalents at end of year		\$ 1,228,963	\$ 840,787

Appendix 7

Sysgration Ltd.
Profit and Loss Appropriation Proposal
For the Year 2022

Unit: NT\$

Item	Amount
Accumulated losses to be covered at the beginning of the period	(296,118,286)
Plus: 2022 Net profit after tax	338,499,454
Plus: gains on disposal of financial assets measured at fair value through other comprehensive income	2,587,073
Earnings after offsetting all accumulated losses	44,968,241
Minus: Legal reserves as required by law	(4,496,824)
Minus: Special reserves for the net deduction on other equity interest of the current period	(1,563,266)
Distributable earnings at the end of the period	38,908,151

※The retained earnings of the current year are not to be distributed.

Chairman: Lee, Yi-Ren

President: Hsieh, Tung-Fu

CFO: Tsai, Hsiu-Mei

Appendix 8

Sysgration Ltd.

Comparison Table of Amendments to Articles of Incorporation

Article before amendment	Article after amendment	Reasons of amendment
<p>Article 2: The business of the Company is as follows:</p> <ol style="list-style-type: none"> 1. CB01020 Affairs Machine Manufacturing 2. CC01060 Wired Communication Mechanical Equipment Manufacturing 3. CC01070 Wireless Communication Mechanical Equipment Manufacturing 4. CC01080 Electronics Components Manufacturing 5. CC01110 Computer and Peripheral Equipment Manufacturing 6. CE01010 General Instrument Manufacturing 7. F113030 Wholesale of Precision Instruments 8. F113050 Wholesale of Computers and Clerical Machinery Equipment 9. F119010 Wholesale of Electronic Materials 10. F113070 Wholesale of Telecommunication Apparatus 11. F401010 International Trade 12. <u>F401021 Telecommunication controlled radio frequency equipment import.</u> 13. <u>CC01101 Telecommunication controlled radio frequency equipment manufacturing.</u> 14. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery 15. CC01090 Manufacture of Batteries and Accumulators 16. E601020 Electric Appliance Installation 17. E603040 Fire Safety Equipment Installation Engineering 18. E603050 Automatic Control Equipment Engineering 19. E605010 Computer Equipment Installation 20. F113110 Wholesale of Batteries 21. F118010 Wholesale of Computer Software 22. F213030 Retail Sale of Computers and Clerical Machinery Equipment 23. F213060 Retail Sale of Telecommunication Apparatus 24. F213110 Retail Sale of Batteries 25. F218010 Retail Sale of Computer Software 26. F399040 Retail Sale No Storefront 27. IG03010 Energy Technical Services 28. CD01030 Motor Vehicles and Parts Manufacturing 29. CD01040 Motorcycles and Parts Manufacturing 30. CD01050 Bicycles and Parts Manufacturing 31. F114020 Wholesale of Motorcycles 	<p>Article 2: The business of the Company is as follows:</p> <ol style="list-style-type: none"> 1. CB01020 Affairs Machine Manufacturing 2. CC01060 Wired Communication Mechanical Equipment Manufacturing 3. CC01070 Wireless Communication Mechanical Equipment Manufacturing 4. CC01080 Electronics Components Manufacturing 5. CC01110 Computer and Peripheral Equipment Manufacturing 6. CE01010 General Instrument Manufacturing 7. F113030 Wholesale of Precision Instruments 8. F113050 Wholesale of Computers and Clerical Machinery Equipment 9. F119010 Wholesale of Electronic Materials 10. F113070 Wholesale of Telecommunication Apparatus 11. F401010 International Trade 12. <u>CC01100 Telecommunication controlled radio frequency equipment manufacturing.</u> 13. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery 14. CC01090 Manufacture of Batteries and Accumulators 15. E601020 Electric Appliance Installation 16. E603040 Fire Safety Equipment Installation Engineering 17. E603050 Automatic Control Equipment Engineering 18. E605010 Computer Equipment Installation 19. F113110 Wholesale of Batteries 20. F118010 Wholesale of Computer Software 21. F213030 Retail Sale of Computers and Clerical Machinery Equipment 22. F213060 Retail Sale of Telecommunication Apparatus 23. F213110 Retail Sale of Batteries 24. F218010 Retail Sale of Computer Software 25. F399040 Retail Sale No Storefront 26. IG03010 Energy Technical Services 27. CD01030 Motor Vehicles and Parts Manufacturing 28. CD01040 Motorcycles and Parts Manufacturing 29. CD01050 Bicycles and Parts Manufacturing 30. F114020 Wholesale of Motorcycles 31. F214020 Retail Sale of Motorcycles 	<p>The code of the business activity “F401021 Restrained Telecom Radio Frequency Equipment and Materials Import” no longer exists under the Administrative Regulations on Manufacturing, Import and Report of the Controlled Telecommunication Radio-Frequency Devices. Therefore, the business activity has been deleted. Furthermore, the code of “Controlled Telecommunication Radio-Frequency Devices and Materials Manufacturing” has been changed to CC01100.</p>

<p>32. F214020 Retail Sale of Motorcycles 33. F114040 Wholesale of Bicycle and Component Parts 34. F214040 Retail Sale of Bicycle and Component Parts 35. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories 36. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories 37. I301010 Information Software Services 38. I301020 Data Processing Services 39. I301030 Electronic Information Supply Services 40. F113020 Wholesale of Electrical Appliances 41. E601010 Electric Appliance Construction 42. F213010 Retail Sale of Electrical Appliances 43. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing 44. D101060 self-usage power generation equipment utilizing renewable energy industry. 45. IG01010 Biotechnology Services 46. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing 47. E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering 48. IZ13010 Internet Certificates Service 49. CC01120 Data Storage Media Manufacturing and Duplicating 50. G202010 Parking Area Operators 51. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>32. F114040 Wholesale of Bicycle and Component Parts 33. F214040 Retail Sale of Bicycle and Component Parts 34. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories 35. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories 36. I301010 Information Software Services 37. I301020 Data Processing Services 38. I301030 Electronic Information Supply Services 39. F113020 Wholesale of Electrical Appliances 40. E601010 Electric Appliance Construction 41. F213010 Retail Sale of Electrical Appliances 42. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing 43. D101060 self-usage power generation equipment utilizing renewable energy industry. 44. IG01010 Biotechnology Services 45. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing 46. E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering 47. IZ13010 Internet Certificates Service 48. CC01120 Data Storage Media Manufacturing and Duplicating 49. G202010 Parking Area Operators 50. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	
<p>Article 28: These Articles of Incorporation were made on August 13, 1977; the 1st amendment was made on September 3, 1977; the 2nd amendment was made on September 23, 1977; the 3rd amendment was made on March 17, 1979; the 39th amendment was made on June 19, 2017; the 40th amendment was made on June 14, 2019; the 41st amendment was made on April 30, 2020; the 42nd amendment was made on April 29,2022 and implemented upon approval of the shareholders’ meeting.</p>	<p>Article 28: These Articles of Incorporation were made on August 13, 1977; the 1st amendment was made on September 3, 1977; the 2nd amendment was made on September 23, 1977; the 3rd amendment was made on March 17, 1979; the 39th amendment was made on June 19, 2017; the 40th amendment was made on June 14, 2019; the 41st amendment was made on April 30, 2020; the 42nd amendment was made on April 29,2022 ; <u>the 43nd amendment was made on April 27,2023</u> and implemented upon approval of the shareholders’ meeting.</p>	<p>Addition of amendment date.</p>

Appendix 9

Sysgration Ltd. Split-Up Plan (Translation)

In order to improve the competitiveness and business performance and achieve the reorganization and professional labor division, Sysgration Ltd. (hereinafter referred to as “Sysgration”) plans to split and transfer the related business (including assets, liabilities and business) of the Energy Storage Business Unit to the new company wholly owned by Sysgration, Power Tank Energy Ltd. (named preliminarily, hereinafter referred to as “Power Tank Energy”). Power Tank Energy shall generally assume the related business (including assets, liabilities and business) of the Energy Storage Business Unit as of the record date for the split-up, and also issue new shares to the Company as the consideration thereof (hereinafter referred to as the “Split-up Project”). Accordingly, the “Split-up Plan” (hereinafter referred to as the “Plan”) is prepared in accordance with the Business Mergers and Acquisitions Act, Company Act and other related laws and regulations, as follows:

Article 1: Split-up Method and Companies in the Split-up Project

The Split-up Project is carried out as a spin-off. Specifically, Sysgration splits and transfers the related business (including assets, liabilities and business) of the Energy Storage Business Unit to Power Tank Energy wholly owned by it, and Power Tank Energy shall issue new shares to the Company as the consideration thereof Companies in the Split-up Project:

Split company: Sysgration Ltd.

The newly incorporated company succeeding to the business: Power Tank Energy Ltd. (named preliminarily)

Article 2: Articles of Incorporation of the newly incorporated company

Please refer to Appendix I for details.

Article 3: Business scope, business value, assets and liabilities transferred by the split company

1. Split and transferred business scope:

- (1) Related business and personnel of Energy Storage Business Unit of Sysgration
- (2) Related assets, such as inventories, bank deposits, accounts receivable, long-term investment equity and equipment (including tangible and intangible assets) and related liabilities, such as accounts payable and expenses payable, needed by Power Tank Energy.
- (3) Contracts related to Energy Storage Business Unit of Sysgration (including but not limited to, supply contract, sales contract, technology license contract, technology service contract, loan contract and other related contracts), legal actions, legal relations, legal status, license, permit and related interests and rights. Any transfer of the contract shall be invalid unless subject to the approval of the counterpart to the original contract.

- (4) Any technology, software, know-how, or business secrets owned by Sysgration prior to the record date for split-up related to the Energy Storage Business Unit shall be split and transferred to Power Tank Energy in whole. Sysgration and Power Tank Energy shall work with each other to complete the formalities for transfer of said intellectual property rights, technology and maintenance of rights, and provide related data, documents and programs, in order to enable the other party to exercise related rights. The maintenance fees upon the record date for split-up shall be borne by Power Tank Energy. The rights already licensed to another person and confidentiality to be borne prior to the split-up remain unaffected by the split of intellectual property rights. The license or transfer of any patent rights and pending applications related to the Energy Storage Business Unit shall be agreed by both parties.
- (5) The tax incentives, licenses, permits and related legal relations, factual relations and status which any other assets, liabilities, right and obligation, interest, split and transferred business/property related to the Energy Storage Business Unit of Sysgration are entitled to, and undue or uncredited.
2. Split and transferred business value: Calculated based on the split and transferred assets less the liabilities, as shown in Appendix II, and estimated to be NT\$403,884 thousand.
3. Split and transferred assets: The assets expected to be split and transferred are shown in Appendix II, estimated to be NT\$483,240 thousand.
4. Split and transferred liabilities: The liabilities expected to be split and transferred are shown in Appendix II, estimated to be NT\$79,356 thousand.
5. The value of said business value, assets and liabilities to be split and transferred is preliminarily evaluated subject to the carrying amount of Sysgration's financial statements audited and certified by the CPA on December 31, 2022, provided that the actual amount shall be subject to the carrying amount on the record date for the split-up.
6. Where it is necessary to adjust said split and transferred assets and liabilities, the shareholders' meeting of Sysgration may authorize the Board of Directors to do so. The same shall apply where it is necessary to adjust the business values or percentage of shares to be issued by Power Tank Energy accordingly.

Article 4: Percentage and calculation method for swap of the business value, assets and liabilities transferred by the split company to the surviving company succeeding to the business:

1. Number of shares to be issued: The value of the business of the Energy Storage Business Unit to be split and transferred by Sysgration amounts to NT\$403,884 thousand. In consideration of NT\$10 in exchange for each new ordinary share issued by Power Tank Energy, Sysgration may receive a total of 40,388 thousand ordinary shares issued by Power Tank Energy. Where the value cannot afford to exchange for one share, such value shall be paid by Power Tank Energy to Sysgration in cash in full, within 30 days upon completion of the registration of changes by Power Tank Energy.
2. Said share exchange ratio is determined in reference to the independent expert's

opinion on carrying amount, net worth per share and share split & exchange ratio of the assets and liabilities to be split and transferred by Sysgration. For the expert's opinion, please refer to Appendix III.

3. Power Tank Energy is incorporated and registered pursuant to laws and shall issue ordinary shares to Sysgration after the record date for split-up. Upon completion of the Split-up Project, Power Tank Energy is wholly owned by Sysgration directly.

Article 5: Adjustment on the business value, assets and liabilities to be split and transferred by the split company and exchange of the number and percentage of shares issued by the newly incorporated company succeeding to the business, upon execution of the Protocol until the record date for split-up

In the event of any of the following circumstances, the shareholders' meeting of Sysgration may authorize the Board of Directors to adjust the new shares issued by Power Tank Energy to be exchanged under the Split-up Project:

1. Where the adjustment is required, as the details or amount of assets and liabilities to be split and transferred by Sysgration are changed due to business activities, investment or financing, or revaluation, depreciation, amortization, addition or impairment of the assets.
2. Where the adjustment is required, as the value of the business to be split and transferred under the Plan on the record date for split-up increases or decreases due to any changes in the scope or value of assets or liabilities or other causes.
3. Where any adjustment is required when the Board of Directors of Sysgration considers it necessary to do so, or due to changes in any other laws or instruction given by the related competent authority.

Article 6: Buy-back and write-off of dissenting shareholders' shares

Where any shareholder of Sysgration presents any dissenting opinion on matters related to the Split-up Project or the Plan pursuant to laws, Sysgration shall buy back the shares held by such shareholder pursuant to laws. The shares bought back therefor shall be disposed of or written off pursuant to laws, upon permission of the competent authority, and the changes shall be registered accordingly. Where the total shares to be bought back from dissenting shareholders attain more than 3% of the total outstanding shares of Sysgration, the shareholders' meeting agrees to authorize the Board of Directors to terminate any resolution related to the Split-up Project and deal with related matters with full power, provided that the Board of Directors shall report the relevant status to next shareholders' meeting.

Article 7: Obligation to notify creditors and make public announcement

1. After the Split-up Project is approved per resolution by the shareholders' meeting of Sysgration, Sysgration shall prepare the balance sheet and catalog of property immediately, and notify its creditors and publish the resolution, and state that the creditors may raise an objection within the time limit for more than 30 days as set by it. Where any creditor raises an objection within said-noted time limit, Sysgration shall deal with it pursuant to related laws and regulations.
2. Where the debt to be repaid by Sysgration to the creditor raising an objection pursuant to the preceding paragraph falls in the scope of split and transfer under

the Split-up Project, the shareholders' meeting of Sysgration shall authorize the Board of Directors of Sysgration to adjust the business scope, business value, assets and liabilities set forth in Article 3. The same shall apply where it is necessary to adjust the percentage or price of new shares to be issued by Power Tank Energy accordingly.

Article 8: Succession to right and obligation upon the split-up, and related matters

1. Unless otherwise agreed in the Plan, any assets and liabilities split and transferred by Sysgration and the right and obligation remaining effective until the record date for split-up shall be assumed by Power Tank Energy generally pursuant to laws, as of the record date for split-up. Sysgration shall cooperate to complete related procedures, if any.
2. Unless the liabilities to be split and transferred are separable from those vested in Sysgration prior to the split-up, Power Tank Energy shall, jointly and severally with Sysgration, bear the obligation borne by Sysgration prior to the split-up, insofar as such obligation falls in the scope of capital contribution with respect to the business which it succeeds to, in accordance with Paragraph 7 of Article 35 of the Business Mergers and Acquisition Act. Notwithstanding, the creditor's right to claim the joint and several liability shall be extinguished by prescription if the creditor fails to exercise the right within two years after the record date for split-up.

Article 9: Response to transfer and retention of employees

Sysgration and Power Tank Energy will agree on the employees of the Energy Storage Business Unit of Sysgration to be retained through the statutory procedures and inquire the employees' intent. The employees who agree to the retention will be transferred to Power Tank Energy. Their service seniority in Sysgration prior to the record date for split-up will be acknowledged and may apply the Business Mergers and Acquisitions Act and Labor Standards Act.

Article 10: Record date for split-up

The record date for split-up is set as June 30, 2023 preliminarily. Notwithstanding, where it is necessary to adjust the record date to satisfy the relevant schedule, the Chairman of Board of Sysgration is authorized to do so with full power.

Article 11: Project execution progress, estimated schedule, and response to overdue work

1. Sysgration schedules to convene an annual shareholders' meeting to resolve to approve the Split-up Project on April 27, 2023.
2. The Board of Directors of Sysgration is authorized to agree on the matters related to the Project execution progress, record date for split-up and overdue work, convention of the Board of Directors meeting under law and schedule for convention of shareholders' meeting separately, if necessary.

Article 12: Apportionment of taxes and expenses

1. Unless otherwise agreed in the Plan or provided by laws, all taxes and expenses derived from execution or performance of the Plan shall be borne by Sysgration, unless they satisfy the relevant tax-free or tax exemption requirements. Where

the Plan is held invalid as it is denied by the shareholders' meeting of Sysgration or the relevant competent authority, or due to any other causes, the attorney fees, CPA service fees and related expenses already incurred shall be borne by Sysgration.

2. Sysgration and Power Tank Energy shall work with each other to strive for any tax incentives related to the Project.

Article 13: Changes in the split company's paid-in capital

Unless shares are canceled for capital reduction pursuant to Article 6 herein or pursuant to laws, the paid-in capital of Sysgration remains unaffected by the Project.

Article 14: Applicable laws

1. The Project shall be carried out in accordance with the Business Mergers and Acquisitions Act. Where any more favorable new laws are promulgated and implemented, the new laws shall apply instead.
2. The Plan shall be interpreted in accordance with the R.O.C. laws. The dispute arising from the Plan, if any, shall submit to the jurisdiction of Taiwan Taipei District Court in the first instance.

Article 15: Other matters

1. Where any provision herein shall be held invalid for violation of the related laws, such provision is held invalid while the other provisions remain effective. The shareholders' meeting of Sysgration shall authorize the Board of Directors to agree on another valid provision to replace the provision in dispute separately, pursuant to related laws and regulations.
2. Where any provision herein needs to be changed per the competent authority's instruction, it shall be done pursuant to the competent authority's instruction, or the Board of Directors of Sysgration shall amend the same per the competent authority's instruction separately.
3. The Plan shall become effective only upon approval per the resolution by the shareholders' meeting of Sysgration. The Plan shall be deemed invalid *ab inito* if no approval or permission is received from the competent authority.
4. Any matters not covered herein shall be governed by the related laws and regulations and the competent authority's requirements; otherwise, the shareholders' meeting of Sysgration shall authorize the Board of Directors to deal with it with full power.
5. The appendices hereto shall constitute a part of the Plan.

Sysgration Ltd.
Representative: Lee Yi-Ren
March 1, 2023

**Power Tank Energy Ltd.
Articles of Incorporation**

Chapter I. General Provisions

- Article 1: The Company is organized in accordance with the Company Act, and named as 電統能源工業股份有限公司, and Power Tank Energy Ltd. in English.
- Article 2: The Company's business lines are stated as follows:
1. CC01080 Electronics Components Manufacturing.
 2. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
 3. CB01990 Other Machinery Manufacturing.
 4. CB01030 Pollution Controlling Equipment Manufacturing.
 5. CB01010 Mechanical Equipment Manufacturing.
 6. CB01020 Affairs Machine Manufacturing.
 7. CE01010 General Instrument Manufacturing.
 8. CE01990 Other Optics and Precision Instrument Manufacturing.
 9. D101060 Self-usage Power Generation Equipment Utilizing Renewable Rnergy Industry.
 10. D401010 Thermal Energy Supply.
 11. E606010 Power Consuming Equipment Inspecting and Maintenance.
 12. E601010 Electric Appliance Construction.
 13. E601020 Electric Appliance Installation.
 14. E603010 Cable Installation Engineering.
 15. EZ05010 Instrument and Meters Installation Engineering.
 16. F601010 Intellectual Property Rights.
 17. F401010 International Trade.
 18. F119010 Wholesale of Electronic Materials.
 19. F113110 Wholesale of Batteries.
 20. F113070 Wholesale of Telecommunication Apparatus.
 21. F213010 Retail Sale of Electrical Appliances.
 22. F106040 Wholesale of Plumbing Materials.
 23. IG03010 Energy Technical Services.
 24. I301010 Information Software Services.
 25. I301020 Data Processing Services.
 26. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery.
 27. CC01090 Manufacture of Batteries and Accumulators.
 28. E603040 Fire Safety Equipment Installation Engineering.
 29. E603050 Automatic Control Equipment Engineering.
 30. E605010 Computer Equipment Installation.
 31. F213060 Retail Sale of Telecommunication Apparatus.
 32. F213110 Retail Sale of Batteries
 33. CD01030 Motor Vehicles and Parts Manufacturing.
 34. CD01040 Motorcycles and Parts Manufacturing.
 35. CD01050 Bicycles and Parts Manufacturing.
 36. F114020 Wholesale of Motorcycles.
 37. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
 38. F114040 Wholesale of Bicycle and Component Parts Thereof.

- 39. F214020 Retail Sale of Motorcycles.
- 40. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
- 41. F214040 Retail Sale of Bicycle and Component Parts Thereof.
- 42. F113020 Wholesale of Electrical Appliances.
- 43. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 3: The Company's headquarters is located in Taipei City. The Company may set up branches at home or abroad subject to resolutions by the Board of Directors, if necessary.
- Article 4: The Company shall make announcements, if any, in the manner referred to in Article 28 of the Company Act.
- Article 5: The Company may make endorsements/guarantees for others, in order to satisfy its business or investment needs.

Chapter II. Shares

- Article 6: The Company's authorized capital amounts to NT\$1,000 million, divided into 100 million shares at the par value of NT\$10 per share, which may be issued in installments.
- Article 7: The registration of changes in the roster of shareholders, if any, shall be suspended within 30 days before an annual shareholders' meeting, within 15 days before a special shareholders' meeting, or within 5 days before the record date decided by the Company for distribution of dividends and bonuses or other benefits. Any shareholder who transfers shares shall apply with the Company for ownership transfer of the shares, and before the transfer procedures are completed, such transfer shall not be set up as a defense against the Company.
- Article 8: The stock certificates of the Company shall be nominal and issued pursuant to the Company Act and other related laws. The Company may issue shares exempted from the requirements about printing of stock certificates but shall register the shares with a centralized securities depository institution.
- Article 9: The qualified transferees of the shares bought back by the Company pursuant to the Company Act include the employees of parents or subsidiaries of the Company meeting certain specific requirements.
The recipients of the employee stock warrants issued by the Company pursuant to the Company Act include the employees of parents or subsidiaries of the Company meeting certain specific requirements.
The employees entitled to subscription for the new shares issued by the Company, if any, pursuant to the Company Act include the employees of parents or subsidiaries of the Company meeting certain specific requirements.
The recipients of the restricted share awards (RSAs) issued by the Company, if any, pursuant to the Company Act include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

Chapter III. Shareholders' meeting

- Article 10: The shareholders' meeting is classified into two types:
1. Annual general meeting, which shall be convened by the Board of Directors at least once per year and within six months after the end of each fiscal year.

2. Special shareholders' meeting, which shall be convened according to laws whenever necessary.

- Article 11: Unless otherwise provided in the Company Act, the shareholders' meetings shall be presided over by the Chairman of the Board of Directors. When the Chairman is on leave or for any reason unable to exercise the powers of the chairperson, the Chairman shall designate one director to act on behalf of him/her. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairperson.
- Article 12: Any shareholder who is unable to attend a shareholders' meeting in person may appoint a proxy to attend the meeting on behalf of him/her by presenting a power of attorney indicating the scope of power.
- Article 13: A shareholder shall be entitled to one vote for each share held by him/her, unless otherwise provided in the Company Act or the Articles of Incorporation.
- Article 14: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted subject to approval by a majority of the shareholders present at a shareholders' meeting attended by the shareholders representing a majority of the total outstanding shares.
- Article 15: A meeting of the Board of Directors can be held by means of visual communication network or in any other manner published by the central competent authority. The shareholder who attends a shareholders' meeting by means of visual communication network shall be deemed to have attended the meeting in person.
- Article 16: If the Company is organized by a single government shareholder or a single juristic person shareholder, the functions and powers of the shareholders' meeting shall be exercised by the Board of Directors and the provisions of the Articles of Incorporation concerning the shareholders' meeting shall not apply.

Chapter IV. Directors, Supervisors and Managers

- Article 17: The Company shall have three to five directors and one supervisor, who shall be elected at the s shareholders' meeting from among the persons with disposing capacity, with a term of office of three (3) years and may be reelected for a second term of office.
- Article 18: The Board of Directors shall consist of the Company's directors. The Chairman shall be elected among and from the directors by a majority of the directors present at a meeting of the Board of Directors at which at least two-thirds of directors are present. The Chairman shall represent the Company externally.
- Article 19: Resolutions at a meeting of the Board of Directors shall, unless otherwise provided for in the Company Act, be adopted subject to approval by a majority of the shareholders present at a shareholders' meeting attended by a majority of the whole directors. The notice for a meeting of the Board of Directors shall set forth the causes thereof and be sent to each director and supervisor within 3 days prior to the meeting, unless otherwise provided in the Company Act. Notwithstanding, the meeting may be convened at any time, in the case of emergencies. The convening of the meeting may be notified in writing or via email or fax.
- Article 20: If a director cannot attend the meeting for some reason, he or she may appoint another

director to attend the meeting on behalf of him/her. However, each director may accept the appointment to act as the proxy of another director only.

The Chairman shall preside over the meeting of the Board of Directors. If the Chairman is unable to perform duties due to leave of absence or any reason, a proxy shall be appointed in accordance with Article 208 of the Company Act. Directors shall attend the meeting of the Board of Directors in person. If a director cannot attend for some reason, he may attend the meeting by means of visual communication network. A director who attends the meeting by means of visual communication network shall be deemed to have attended the meeting in person.

Upon approval of the whole directors, the Company may have directors exercise their voting power by written consents on any motions submitted at the current meeting of the Board of Directors without needing to be met personally.

Article 21: The Board of Directors is authorized to determine the remunerations to directors and supervisors based on the contributions of each director and supervisor, and the general standards applicable in the industry.

Article 22: The Company shall appoint managers. The appointment and dismissal thereof and remuneration to them shall be governed by Article 29 of the Company Act.

Chapter V. Accounting

Article 23: The Company's fiscal year shall commence from January 1 to December 31 of each year. At the end of each fiscal year, the Company shall have the Board of Directors prepare the following documents pursuant to the Company Act and submit them for recognition pursuant to laws:

1. Business report.
2. Financial statements.
3. Earnings distribution or loss compensation plan.

When allocating the earnings retained upon the final accounting of each fiscal year, if any, the Company shall first pay the taxes payable, offset its losses accumulated in the past, and set aside the legal reserve at 10% of the remaining earnings, unless the legal reserve has reached the amount of the Company's paid-in capital. The balance, if any, plus the undistributed earnings for the previous years, shall be allocated as shareholders' dividends and bonus according to the earnings distribution plan prepared by the Board of Directors as resolved by a shareholders' meeting.

Article 24: The Company shall allocate 10% to 15% of its annual profits for the remuneration of its employees and no more than 3% for the remuneration of its directors. However, if the Company still has accumulated losses, it shall reserve the amount to make up for them in advance.

The stock or cash payments to employees referred to in the preceding paragraph may include the employees of affiliated companies who meet certain conditions, and the Board of Directors shall be authorized to determine the conditions and distribution methods.

Chapter VI. Supplementary Provisions

Article 25: Any matters not provided herein shall be governed by the Company Act.

Article 26: The Articles of Incorporation were enacted on March 9, 2023.

Appendix II

SYSGRATION LTD
CONSOLIDATED BALANCE SHEETS (Energy Storage Business Unit)
DECEMBER 31, 2022
(Expressed of New Taiwan dollars)

Assets	AMOUNT	Liabilities and Equity	AMOUNT
Current assets		Current liabilities	
Cash and cash equivalents	44,259,621	Short-term borrowings	8,815,981
Accounts receivable, net	190,334,187	Current contract liabilities	2,457,531
Inventories	116,987,917	Accounts payable	51,319,077
Prepayments	45,689,269	Accrued expenses	13,856,256
Other current assets	21,664,276	Other payables	2,060,553
Current assets	418,935,270	Temporary receipts	361,447
		Current lease liabilities	484,972
Non-current assets		Current liabilities	79,355,817
Property, plant and equipment	61,678,946	Total liabilities	79,355,817
Intangible assets	820,184		
Refundable deposits	496,335	Equity	
Other non-current assets	1,309,429	Equity (Business Value)	403,884,347
Non-current assets	64,304,894	Total equity	403,884,347
Total assets	483,240,164	Total liabilities and equity	483,240,164

SYSGRATION LTD.

Opinion on Reasonableness of the Consideration for Exchange of Shares for the
Division of the Energy Storage Business Unit
(Translation)

In order to improve its competitiveness and operating performance through professional division of labor and organizational restructuring, Sysgration Ltd. (hereinafter “Sysgration”) proposes to divide and transfer the relevant business (including assets and liabilities) of the Energy Storage Business Unit by incorporating Power Tank Energy Ltd. (hereinafter “Power Tank Energy”), a new separate company wholly owned by Sysgration, via a demerger, with Power Tank Energy issuing new shares to Sysgration as consideration. In accordance with paragraph 3, Article 6 of the Business Mergers and Acquisitions Act, Article 23 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, Article 6 of the Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition and other applicable laws and regulations, Sysgration has engaged an independent expert to issue an opinion on reasonableness of the consideration for exchange of shares for the proposed division. This opinion is only a reference for internal decision-making by Sysgration. Unless required to be disclosed under any applicable law or regulation, the content and conclusion of this opinion may not be made available to any other person or used for any other purpose without written consent from the independent expert.

In this opinion, calculations are based on the financial data of Sysgration as of December 31, 2022, and values are premised on the assumption of continued operation of the relevant business of the Energy Storage Business Unit, with a comprehensive valuation of the net asset value to be divided. The independent expert will draw a conclusion regarding reasonableness of the consideration for exchange of shares for the proposed division according to the result of evaluation. The calculation of values in this opinion is mainly based on information provided by Sysgration and publicly available information. The independent expert believes in the accuracy, completeness and reliability of such information, and has not conducted any verification procedure on it. Any error in the content of such information may affect the conclusion of this opinion.

In this opinion, an asset-based valuation method has been adopted, temporarily based on the carrying values adjusted by the CPA in the financial statements of Sysgration as of December 31, 2022, and the items and amounts of consolidated assets and liabilities accounted for in regard to the relevant business of the Energy Storage Business Unit to be divided (their actual amounts are based on the carrying values on the base date of division) are used as the basis for evaluation. With the result of analysis indicating their net asset value to be approximately NTD403,884 thousand, Power Tank Energy, the new subsidiary wholly owned by Sysgration, intends to issue 40,388 thousand new common shares (at a par value of NTD10 per share) as the consideration for transfer of the relevant business (including assets and liabilities) of the Energy Storage Business Unit to be divided by Sysgration. As the consideration for such transfer is equivalent to the net asset value to be transferred, the consideration for exchange of shares for the proposed division is deemed reasonable.

KSP Certified Public Accountants Limited
5F.-5, No. 142, Sec. 4, Zhongxiao E. Rd., Daan Dist., Taipei City
The independent expert: TANG,WEI-PIN
March 1, 2023

Statement of the Independent Expert (Translation)

I, an independent expert, have issued an evaluation opinion in accordance with the “Practical Guide for the Issuance of Opinions by Experts”, the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and other applicable laws and regulations, with reference to the Statements of Valuation Standards and the relevant self-regulation requirements established by professional associations, and state the following:

1. The data sources, parameters and information used by myself to issue an opinion and conduct operating procedures are appropriate and reasonable as the basis for issuance of this opinion.
2. Prior to accepting this case, I have confirmed myself to be meeting the criteria under paragraph 1, Article 5 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, and have prudently assessed my professional competence and practical experience pursuant to subparagraph 1, paragraph 2 of the same article.
3. In accepting this case, I have not received any contingent remuneration, nor have I predetermined any opinion or conclusion.
4. When undertaking this case, I have properly planned and executed appropriate operating procedures to draw a conclusion based on which an opinion is issued. The procedures executed, the data collected and the conclusion have been thoroughly specified in the working paper of this case.
5. I state that neither I nor any counterparty in this case, any two of the professional appraisers or their agents issuing evaluation opinions, are related or de facto related to each other as described under subparagraphs 2 and 3, paragraph 1, Article 5 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, and that none of the following circumstances exists:
 - (1) I or my spouse is currently employed by a counterparty in this case to serve in a regular position with fixed remuneration, or serve as a director or supervisor.
 - (2) I or my spouse served as a director, supervisor or manager of a counterparty in this case or as an officer of the counterparty that has a significant effect on this case, and was discharged from or left the position within 2 years.
 - (3) The entity employing me or my spouse is related to a counterparty in this case.
 - (4) A director, supervisor or manager of a counterparty in this case or an officer of the counterparty that has a significant effect on this case is my spouse or a relative of mine within the second degree of consanguinity.
 - (5) I or my spouse and a counterparty in this case have a relationship of significant investment or shared financial interests.

KSP Certified Public Accountants Limited
The independent expert: TANG,WEI-PIN
March 1, 2023

Résumé of the Independent Expert

Name: TANG,WEI-PIN

Current job: Partner CPA, KSP Certified Public Accountants Limited

Education: Master of Accounting, National Taiwan University
Bachelor of Accounting, National Taiwan University

Experience: 20 years of experience working in financial and audit-related areas
Deloitte Taiwan
CFO and investor relations manager at public companies in Taiwan

Expertise: Tax, accounting and auditing matters in Taiwan and China
Tax planning for personal assets
Pre-IPO guidance for businesses
M&A design, planning and advice.

Sysgration Ltd.
The Audit Committee Meeting Minutes. (Extract)
(Translation)

Time : 5:23 p.m. on Thursday, March 9, 2023

Place : 6F., No. 1, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City.

Committee member : Lin, Kuan-Chao, Wei, Che-Chen, He, Ju-Hsiang

Attendee : Chairman Lee Yi-Ren, Hsieh Tung-Fu, Lee Cheng-Han, Tsai, Hsiu-Mei, Liu Hsueh-Ju, Dai Yi-Ying

Audit Accountant Chih, Ping-Chiun

Convener : Lin, Kuan-Chao

Recorder : Dai Yi-Ying

Call the Meeting to Order : (The aggregate of the present constituted a quorum. The Convener called the meeting to order.)

II. Discussions Resolutions

Proposal 6

Subject:

To engage an independent expert to provide an opinion on the reasonableness of the division of the Company's Energy Storage Business Unit is submitted for discussion.

Descriptions:

1. In order to achieve the professional labor division and reorganization, and to improve the competitiveness and business performance, the Company plans to split and transfer the business (including assets and liabilities) related to the Energy Storage Business Unit to the new company wholly owned by the Company, Power Tank Energy Ltd. (named preliminarily, hereinafter referred to as "Power Tank Energy"), as a spin-off. Meanwhile, Power Tank Energy shall issue new shares to the Company as the consideration thereof.
2. According to Paragraph 3 of Article 6 of the Business Mergers and Acquisitions Act, Article 23 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, Article 6 of the Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition, and other relevant laws and regulations, it is required to engage an independent expert to provide an opinion on the reasonableness of the share exchange ratio when reviewing the proposed division.
3. It is proposed to engage CPA Pam Tang of KSP Certified Public Accountants Limited as the independent expert of the proposed division to provide a written opinion on the reasonableness of the share exchange ratio. Please refer to <Attachment > for the resume and statement of independence of CPA Pam Tang.
4. This proposal is hereby submitted for resolution.

Resolution:

It is unanimously resolved by all members present at this meeting that this proposal be submitted to the Board of Directors for resolution.

Proposal 7

Subject:

The motion for resolution against split of the Company's Energy Storage Business Unit is submitted for discussion.

Descriptions:

1. In order to achieve the professional labor division and reorganization, and to

improve the competitiveness and business performance, the Company plans to split and transfer the business (including assets and liabilities) related to the Energy Storage Business Unit to the new company wholly owned by the Company, Power Tank Energy Ltd. (named preliminarily, hereinafter referred to as “Power Tank Energy”), as a spin-off. Meanwhile, Power Tank Energy shall issue new shares to the Company as the consideration thereof. The split project is considered as an organizational adjustment which poses no effect to the shareholders’ equity of the Company.

2. The value of the business, assets and liabilities to be split and transferred under the project is preliminarily determined subject to the Company's financial statements audited and certified by the CPA on December 31, 2022, and evaluated in consideration of the depreciation and capital expenditure plan and variance in value of related titles forecast until the record date for the split, provided that the actual split amount shall be subject to the carrying amount on the record date for the split.
3. The value of the business to be split and transferred by the Company under the project is estimated as NTD403,884 thousand. In consideration of NTD10 in exchange for one share of the new ordinary stock issued by Power Tank Energy and each share at the par value of NTD10, the Company may receive a total of 40,388 thousand common shares issued by Power Tank Energy. Where the value cannot afford to exchange for one share, the value shall be paid by Power Tank Energy to the Company in cash in full.
4. The Company prepares the “Split-Up Plan” (including the Articles of Incorporation, value of business to be split, and written opinion on rationality of split value and exchange ratio) in accordance with the Business Mergers and Acquisitions Act, Company Act and other related laws & regulations. Please refer to Attachment.
5. The record date for split under the project is set as June 30, 2023 preliminarily. Notwithstanding, where it is necessary to adjust the record date to satisfy the relevant schedule, the Chairman of Board is authorized to do so.
6. Where it is necessary to adjust the business scope, business value (including assets and liabilities), exchange ratio and schedule (including, but not limited to, the record date for split), there are any matters not covered herein, the competent authority gives administration instructions or enacts relevant laws and regulations, or it is necessary to make any change due to objective environmental factors, a shareholders’ meeting shall be convened to authorize the Board of Directors to deal with it with full power.
7. In relation to this proposed division, where the total shares requested for repurchase by all dissenting shareholders equal or exceed 3% of our total outstanding shares, the proposal to the shareholders’ meeting for approval of authorizing the Board of Directors to terminate any resolution concerning this proposed division and deal with relevant matters with full discretion, provided that the Board of Directors subsequently gives a report at the next shareholders’ meeting.
8. This proposal is hereby submitted for resolution.

Resolution:

It is unanimously resolved by all members present at this meeting that this proposal be submitted to the Board of Directors for resolution.

Appendix 10

List of Director (including Independent Director) Candidates

Title & Name	Shareholdings (shares)	Education & Professional Qualifications	Major Experience and Current Positions	Shareholder Registration Number
Director Lee, Yi- Ren	12,180,210	MBA, JFK. Univ.	Major Experience : Chairman, Hipro Elec. Co. Vice Chairman & General Manager, Chicony Elec. Co. Chairman, Winmate Inc. Current Positions : Chairman, Sysgration Ltd.	No.29601
Director Hsieh, Tung-Fu	799,892	Ph.D., E.E., National Chiao Tung Univ.	Major Experience : V.P., Altek Corp. V.P., Lite-On Technology Corp. Current Positions : President, Sysgration Ltd.	No.59723
Director Lee, Cheng- Han	644,126	Master, Science in E.E. Univ. of Southern California	Major Experience : Special Assistant of GM, Sysgration Ltd. Current Positions : AMD BU General Manager, Sysgration Ltd.	No.46877
Director Tai, Feng-Yi	0	Bachelor of Chien Hsin University of Science and Technology of Sci.& Tech.	Major Experience : Electronic Engineer, Digital Equipment International Ltd. Senior EMI Design Engineer, Sprague Electronics Co., Ltd. Division of Office Machines R&D Director, Taiwan Semiconductor Co., Ltd. Current Positions : Chairman, Godex International Co., Ltd.	
Independent Director Wei, Che- Chen	0	Doctoral program, Guangzhou Sun Yat- Sen Univ. Bachelor, Accounting National Chengchi Univ.	Major Experience : COO & Consultant, H&D Asset Management Co. Chairman, Taiwan Life Insurance Securities Co. Investment Trust Co. Chairman, Taiwan International Securities Consulting Corp. President, TIS Securities Co. Current Positions : COO & Consultant, H&D Asset Management Co.	
Independent Director Lin, Kuan- Chao	0	Master, Accounting National Chengchi Univ.	Major Experience : Chief, PKF Taiwan Current Positions : Chief, PKF Taiwan	
Independent Director He, Ju- Hsiang	0	MBA, International Bachelor of Tamkang University.	Major Experience : Client Service Deputy Manager, Taiwan Life Insurance Co. Vice President, Bank of America in Taiwan Manager, BNP Paribas Taiwan Assistant Manager for Audit, Deloitte Taiwan Current Positions : General Secretary, Taipei Guardian Angel Association for Cancer Patients	