

# Handbook

for the 2024 Annual Shareholders' Meeting  
(Translation)

Notice to readers

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

Meeting Time: 2024.05.06

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

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# **Sysgration Ltd.**

## **Procedure for the 2024 Annual Shareholders' Meeting**

I. Call the Meeting to Order

II. Chairperson Remarks

III. Report Items

IV. Proposed Resolutions

V. Discussions Matters

VI. Incidental Motions

VII. Adjournment

# **Sysgration Ltd.**

## **Year 2024 Agenda of the Annual Shareholders' Meeting**

Time: 9:00 a.m. on Monday, May 6, 2024

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://stockservices.tdcc.com.tw>)

- I. Call the Meeting to Order (Report on Number of Shares of Participants)
- II. Chairperson Remarks
- III. Report Items
  - (1) 2023 Business Report.
  - (2) Audit Committee's Review Report on the 2023 Financial Statements.
  - (3) 2023 Status Report of Endorsements/Guarantees for Others.
  - (4) 2023 Status Report of Fund-lending to Others.
  - (5) 2023 Status Report of Financial Derivative Product Transaction.
  - (6) 2023 Report on Remunerations of Directors.
  - (7) 2023 Status Report of Domestic Convertible Corporate Bond Issuance.
  - (8) Report on 2023 Employees' Profit Sharing and Directors' Remuneration.
- IV. Proposed Resolutions
  - (1)The 2023 Business Report and Financial Statements.
  - (2)The 2023 Profit Appropriation Proposal.
- V. Discussions Matters
  - (1) Proposal for Releasing the Non-compete Restriction on Directors.
  - (2) Amendments of Articles of Incorporation.
  - (3) Amendments to the Company's "Procedures of Fund-lending to Others".
- VI. Incidental Motions
- VII. Adjournment

# Report Items

I. 2023 Business Report.

Explanation:

2023 Business Report is attached as pp. [10-13], Appendix 1.

II. Audit Committee’s Review Report on 2023 Financial Statements.

Explanation:

The Audit Committee’s Review Report on 2023 Financial Statements is attached as pp. [14], Appendix 2.

III. 2023 Status Report of Endorsements/Guarantees for Others.

Explanation:

- (1) It shall be handled in accordance with the Company's "Endorsement Guarantee Operation Procedure."
- (2) The company and its subsidiaries' annual endorsement guarantee details and balances in 2023 are as follows:

Unit: NT\$ 1,000

Company name of endorser	Party being endorsed/guaranteed		Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/guarantee amount for the year ended December 31, 2022	Outstanding endorsement/guarantee amount at December 31, 2022	Ceiling on total amount of endorsements/guarantees provided
	Company name	Relation				
Sysgration Ltd.	Sysgration Electronics Technology (Zhenjiang) Co., Ltd.	Subsidiary of the Company	892,528	88,900	0	1,338,792
Sysgration Ltd.	Sysgration Ltd.	The Company	892,528	3,000	3,000	1,338,792
Sysgration Ltd.	Power Tank Energy Ltd.	Subsidiary of the Company	892,528	172,800	172,800	1,338,792

IV. 2023 Status Report of Fund-lending to Others.

Explanation:

- (1) It shall be handled in accordance with the Company's “Operation Procedure of Funds and Loans to Others.”
- (2) The details and balance of the Company's and its subsidiaries' funds and loans to others in 2023 are as follows:

Unit: NT\$ 1,000

Creditor	Borrower		Limit on loans granted to a single party	Maximum outstanding balance for the year ended December 31, 2022	Balance at December 31, 2022	Ceiling on total loans granted
	Company name	Relation				
Sysgration Ltd.	Sysgration Electronics Technology (Huizhou) Co., Ltd	Subsidiary of the Company	1,324,229	68,993	64,783	1,190,038

V. 2023 Status Report of Financial Derivative Product Transaction.

Explanation:

- (1) It shall be handled in accordance with the Company's "Operation Procedure of Trading in Derivatives."
- (2) The derivative product transactions of the Company's subsidiary Sysgration Electronics Technology (Huizhou) Ltd. in 2023 are as follows :

Unit: NT\$ 1,000

Type	Contract amount written off	Contract amount not written off	Realized gain (loss)	Unrealized valuation gain (loss)
Foreign exchange forward contract	0	30,826	0	121

VI. 2023 Report on Remunerations of Directors.

Explanation:

The 2023 Report on Remunerations of Directors is attached as pp. [15], Appendix 3.

VII. 2023 Status Report of Domestic Convertible Corporate Bond Issuance.

Explanation:

- (1) Upon a resolution adopted by the Board of Directors on June 20, 2023, the Company issued domestic unsecured convertible corporate bonds for the fifth time to supplement working capital in a total amount of NT\$ 500,000 thousand.
- (2) This proposal was approved by the Financial Supervisory Commission with letter Jin-Guan-Zheng-Fa-Zi No. 1120348153 dated July 20, 2023 and consented to by the Taipei Exchange with letter Zheng-Guei-Zhai-Zi No. 11200078342 dated August 2, 2023, for listing of the bonds on the Taipei Exchange starting from August 8, 2023.
- (3) Status of the Company's fifth unsecured domestic convertible bonds are as follows :

Type of Corporate Bond	The Fifth Domestic Unsecured Convertible Bonds
Face Value	NT\$100,000 per voucher
Issue Price	Issued at 100.5% of par value
Total Issue Amount	NT\$500 million
Coupon Rate	0%
Tenor	Three years. (2023/8/8~2026/8/8)
Conversion Price	NT\$ 39.7 per share
Repayment Method	The bond shall be repaid in a lump sum in cash at maturity according to the face value of the bond.
Conversion Period	2023/11/9~2026/8/8
Sell-back Conditions	The record date for the early sell-back of the convertible corporate bonds by their holders shall be on the date (August 8, 2025), that is, two years after the date of issuance.
Converted Amount as of the Publication Date Of the Annual Report.	NT\$0

## VIII. Report on 2023 Employees' Profit Sharing and Directors' Remuneration.

### Explanation:

According to the Article 25 of Sysgration's Articles of Incorporation: "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.

In 2023, the Company made provisions of NT\$ 30,000,000 and NT\$ 8,000,000 to be paid to employees and directors as remuneration fully in cash, accounting for 10.22% and 2.73% of the imputed profit for the current period, respectively.

# Proposed Resolutions

Proposal 1:

Proposed by the Board

Subject: The 2023 Business Report and Financial Statements, please approve.

Explanation:

- (1) Sysgration's 2023 Financial Statements were audited by CPA Chih, Ping-Chiun and CPA Chiu, Chao-Hsien of PricewaterhouseCoopers, Taiwan with written independent auditors' reports and have been approved by Board of Directors.
- (2) 2023 Business Report is attached as pp. [10-13], Appendix 1.
- (3) 2023 Independent Auditors' Reports, Consolidated Financial Statements and Parent Company Only Financial Statements are attached as pp. [16-43], Appendices 4 and 5.
- (4) Please approve.

Resolution:

Proposal 2:

Proposed by the Board

Subject: 2023 Profit Appropriation Proposal, please approve.

Explanation:

- (1) The 2023 Profit Appropriation Table is attached at pp. [44], Appendix 6.
- (2) The Board of Directors proposed to set aside NTD 133,228,268 for cash dividends. The cash dividend NT\$ 0.7 per share to be distributed is calculated based on the total number of 190,326,097 shares outstanding at the time of the resolution of the Board of Directors on February 26, 2024. The amount of cash dividends distributed is rounded down to NT\$1, and the total fractional amount less than NT\$1 shall be transferred to other income. The Chairman is authorized to determine the ex-dividend date, payment date, and relevant matters after the annual shareholders' meeting.
- (3) If a subsequent conversion of convertible corporate bonds into common shares, buyback of the Company's shares, transfer or cancellation of treasury shares, cash capital increase, exercise of employee stock warrants, and issuance of restricted stock warrants, as well as other regulatory factors lead to a change to the shareholder payout ratio, the Chairman is authorized to have full discretion to handle such matter and make adjustments.
- (4) Please approve.

Resolution:



# Discussions Matters

Proposal 1:

Proposed by the Board

Subject: Proposal for Releasing the Non-compete Restriction on Directors, please discuss.

Explanation:

- (1) According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business shall explain to the shareholders' meeting the essential content of such an act and seek approval therefrom.
- (2) The Company's Director Hsieh Tung-Fu was restricted by the non-compete provision under Article 209 of the Company Act for having investment relationships or being appointed by a legal person to concurrently hold positions in companies with the same or similar business scope as the Company and participating in important business decisions of the company. The non-compete ban against the director is lifted as follows :

Name	Name of company and title of concurrent service
Hsieh, Tung-Fu	Leadray Energy Co., Ltd. Director,

- (3) Please discuss.

Resolution:

Proposal 2:

Proposed by the Board

Subject: Amendments of Articles of Incorporation, please discuss.

Explanation:

- (1) Pursuant to practical operations, an amendment to "Articles of Incorporation" is proposed..
- (2) The Comparison Table of Amendments is attached at pp. [45-46], Appendix 7.
- (3) Please discuss.

Resolution:

Proposal 3:

Proposed by the Board

Subject: Amendments to the Company's "Procedures of Fund-lending to Others", please discuss.

Explanation:

- (1) Pursuant to practical operations, an amendment to "the Company's "Procedures of Fund-lending to Others" is proposed.
- (2) The Comparison Table of Amendments is attached at pp. [47], Appendix 8.
- (3) Please discuss.

Resolution:

## **Incidental Motions**

## **Adjournment**

## Appendix 1

### Sysgration Ltd. Business Report

#### I. 2023 Annual Operating Result Report

##### (I) Operating situation

In 2023, we recorded a parent company only operating revenue of NTD3,223,292 thousand, an increase by 1.06% from NTD3,189,385 thousand in 2022. We also recorded a parent-only after-tax net profit of NTD255,484 thousand, a decrease from the after-tax net profit of NTD338,499 thousand in 2022, with a difference of NTD83,015 thousand. Our parent company only after-tax basic earnings per share in 2023 was NTD1.41.

In 2023, we recorded a consolidated operating revenue of NTD3,278,708 thousand, a decrease by 3.69% from that of NTD3,404,355 thousand in 2022. We also recorded a consolidated after-tax net profit attributable to owners of the parent company of NTD255,484 thousand, a decrease from the consolidated after-tax net profit of NTD338,499 thousand in 2022, with a difference of NTD85,015 thousand. Our consolidated after-tax basic earnings per share in 2023 was NTD1.41.

##### (II) Financial revenue, expenditure and profitability analysis:

###### Parent Company Only Financial Statements

Unit: NT\$ 1,000

Item		Year	2023	2022	Growth rate %
Financial revenue and expenditure	Operating revenue		3,223,292	3,189,385	1.06
	Operating margin		717,127	648,213	10.63
	Net profit (loss) after tax		255,484	338,499	(24.52)
Profitability analysis	Return on assets (%)		6.21	11.12	(44.15)
	Return on shareholders' equity (%)		10.39	21.50	(51.67)
	Ratio to paid-up capital %	Net operating profit (loss)	11.36	14.26	(20.34)
		Net profit (loss) before tax	13.42	20.15	(33.40)
	Net profit (loss) ratio (%)		7.93	10.61	(25.26)
	Net profit (loss) per share (NT\$)		1.41	2.14	(34.11)

Consolidated Financial Statements

Unit: NT\$ 1,000

Item		Year		Growth rate %		
		2023	2022			
Financial revenue and expenditure	Operating revenue		3,278,708	3,404,355	(3.69)	
	Operating margin		810,868	804,551	0.79	
	Net profit (loss) after tax - attributable to parent company		255,484	338,499	(24.52)	
Profitability analysis	Return on assets (%)		6.38	10.55	(40.21)	
	Return on shareholders' equity (%)		10.39	21.50	(51.67)	
	Ratio to paid-up capital %	Net operating profit (loss)		10.18	18.10	(43.76)
		Net profit (loss) before tax		13.44	20.15	(33.30)
	Net profit (loss) ratio (%)		7.79	9.94	(21.63)	
	Net profit (loss) per share (NT\$)		1.41	2.14	(34.11)	

(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.
Automotive intelligent electronic control systems	Industrial IoT technology is used to integrate the traditional distributed electromechanical control systems of vehicles into a wireless digital central control system. 4G/5G cloud systems can also be used to remotely monitor vehicle status and provide self-driving and automation functions as required.
Industrial portable and wearable systems	By combining embedded high-performance computing systems with industrial application know-how and AI, portable and wearable systems that allow for high-performance computing in different fields are provided.
Industrial backup battery and energy storage system products	Development and integration of lithium-ion backup batteries for industrial UPS systems, AI cloud centers, and industrial energy storage equipment.

## II. Summary of 2024 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 2024, 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.

In addition, we have applied our technology and experience in Industrial IoT and embedded high-performance computing systems to automotive electronics. This has allowed us to successfully develop technical components of automotive intelligent electronic control systems, including industrial computers, in-vehicle electronic control systems, smart home appliance control, mobile apps, and cloud services. This system helps users control all in-vehicle functions and equipment through both the cloud and the central control panel. In 2024, the Company will not only continue to actively collaborate with carmakers and Tier-1 companies to increase market share, but also expand this technology to various types of vehicles and industrial applications in a proactive manner, such as marine electronic control systems, transportation fleet management, portable rugged computers, and VR/AR wearables.

In terms of energy products, we will expand the Company's accumulated advantages in high power management and industrial energy storage technology, and widely promote BBUs (battery backup units) to cloud data center customers. Moreover, we will extend our experience in electric vehicle lithium-ion battery packs to UPS systems used in semiconductor plants, community energy storage systems, battery systems for SMR power supply for 4G and 5G base station communication, energy storage and voltage stabilizer systems for power plants, and other industrial applications.

### 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) Expand the development of multiple types of automotive intelligent electronic control systems, portable industrial computers, VR/AR wearables, 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 2023 Business Report, Financial Statements, and Profit Appropriation Proposal have been prepared by the Board of Directors. The 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 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

February 26, 2024

## Appendix 3

### 2023 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 2023 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%	8,432	8,432	0	0	0	0	0	0	8,492	8,492	3.32%	3.32%	0
Director	Hsieh, Tung-Fu	60	60	0	0	0	0	0	0	60	60	0.02%	0.02%	6,136	7,189	108	108	0	0	0	0	6,304	7,357	2.47%	2.88%	0
Director	Lee, Cheng-Han	60	60	0	0	0	0	0	0	60	60	0.02%	0.02%	3,965	3,965	108	108	0	0	0	0	4,133	4,133	1.62%	1.62%	0
Director	Chen, Chih-Pin	200	200	0	0	0	0	0	0	200	200	0.08%	0.08%	0	0	0	0	0	0	0	0	200	200	0.08%	0.08%	0
Director	Tai, Feng-Yi	408	408	0	0	0	0	0	0	408	408	0.16%	0.16%	0	0	0	0	0	0	0	0	408	408	0.16%	0.16%	0
Independent Director	Lin, Kuan-Chao	600	600	0	0	0	0	0	0	600	600	0.23%	0.23%	0	0	0	0	0	0	0	0	600	600	0.23%	0.23%	0
Independent Director	He, Ju- Hsiang	600	600	0	0	0	0	0	0	600	600	0.23%	0.23%	0	0	0	0	0	0	0	0	600	600	0.23%	0.23%	0
Independent Director	Wei, Che-Chen	600	600	0	0	0	0	0	0	600	600	0.23%	0.23%	0	0	0	0	0	0	0	0	600	600	0.23%	0.23%	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 NTD5 thousand as remuneration. The ordinary and independent directors who are not employees will be paid a monthly amount of NTD50 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 2023 no profit sharing to directors. As resolved by the Remuneration Committee and the Board of Directors on February 26, 2024, the Company appropriated NTD8,000,000 as directors' remuneration, which was 2.73% of the imputed profit for the current period.

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



## Appendix 4

### 2023 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, 2023 and 2022, 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 2023 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 2023 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.

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 existence of sales revenue.

## **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

February 26, 2024

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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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,408,258	29	\$ 1,132,693	32
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	139	-
1136	Current financial assets at amortised cost	6(4) and 8	-	-	100,501	3
1150	Notes receivable, net	6(5) and 12(2)	4,447	-	2,521	-
1170	Accounts receivable, net	6(5) and 12(2)	942,230	20	848,505	24
1180	Accounts receivable-related parties	7	1,322	-	5,002	-
1200	Other receivables		12,616	-	11,786	1
1210	Other receivables-related parties	7	64,854	2	68,418	2
1220	Current tax assets	6(30)	1,583	-	185	-
130X	Inventories	6(6)	174,993	4	282,236	8
1470	Other current assets		14,244	-	11,119	-
11XX	<b>Current assets</b>		<u>2,624,547</u>	<u>55</u>	<u>2,463,105</u>	<u>70</u>
<b>Non-current assets</b>						
1510	Non-current financial assets at fair value through profit or loss	6(2)	25,103	1	12,460	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	231,456	5	148,952	4
1535	Non-current financial assets at amortised cost	6(4) and 8	16,700	-	20,700	1
1550	Investments accounted for using equity method	6(7)	1,397,283	29	468,566	13
1600	Property, plant and equipment	6(8) and 8	336,101	7	300,506	9
1755	Right-of-use assets	6(9)	41,220	1	16,065	-
1760	Investment property, net	6(10)	3,888	-	4,025	-
1780	Intangible assets	6(11)	23,684	-	16,442	-
1840	Deferred tax assets	6(30)	40,299	1	30,851	1
1900	Other non-current assets		63,863	1	57,971	2
15XX	<b>Non-current assets</b>		<u>2,179,597</u>	<u>45</u>	<u>1,076,538</u>	<u>30</u>
1XXX	<b>Total assets</b>		<u>\$ 4,804,144</u>	<u>100</u>	<u>\$ 3,539,643</u>	<u>100</u>

(Continued)



SYSGRATION LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2120	Current financial liabilities at fair value through profit or loss	6(12)	\$ 3,250	-	\$ -	-
2130	Current contract liabilities	6(23)	5,499	-	7,674	-
2150	Notes payable		936	-	1,723	-
2170	Accounts payable		250,406	5	238,324	7
2180	Accounts payable-related parties	7	386,731	8	371,530	11
2200	Other payables	6(15)(32)	188,880	4	153,019	4
2220	Other payables-related parties	7	120,124	3	1,911	-
2250	Current provisions	6(18)	39,323	1	21,246	1
2280	Current lease liabilities		16,299	-	13,547	-
2320	Long-term liabilities, current portion	6(13)(14) and 8	100,953	2	542,374	15
2399	Other current liabilities, others		14,634	-	15,034	1
21XX	<b>Current liabilities</b>		<u>1,127,035</u>	<u>23</u>	<u>1,366,382</u>	<u>39</u>
<b>Non-current liabilities</b>						
2530	Bonds payable	6(13)	469,333	10	-	-
2540	Long-term borrowings	6(14) and 8	207,078	4	227,589	6
2570	Deferred tax liabilities	6(30)	483	-	-	-
2580	Non-current lease liabilities		25,121	1	2,703	-
2600	Other non-current liabilities		-	-	198	-
25XX	<b>Non-current liabilities</b>		<u>702,015</u>	<u>15</u>	<u>230,490</u>	<u>6</u>
2XXX	<b>Liabilities</b>		<u>1,829,050</u>	<u>38</u>	<u>1,596,872</u>	<u>45</u>
<b>Equity</b>						
Share capital 6(19)						
3110	Ordinary share		1,845,849	38	1,670,605	47
3130	Certificate of entitlement to new shares from convertible bonds		55,073	1	1,360	-
3140	Advance receipts for share capital		2,264	-	8,267	-
Capital surplus 6(20)						
3200	Capital surplus		899,048	19	310,036	9
Retained earnings 6(21)						
3310	Legal reserve		4,497	-	-	-
3320	Special reserve		1,563	-	-	-
3350	Retained earnings		295,125	6	44,968	1
Other equity interest 6(22)						
3400	Other equity interest		(128,325)	(2)	(92,465)	(2)
3XXX	<b>Equity</b>		<u>2,975,094</u>	<u>62</u>	<u>1,942,771</u>	<u>55</u>
Significant contingent liabilities and unrecognised contract commitments 9						
Significant events after the balance sheet date 11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 4,804,144</u>	<u>100</u>	<u>\$ 3,539,643</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

SYSGRATION LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(23) and 7	\$ 3,223,292	100	\$ 3,189,385	100
5000	Operating costs	6(6)(16)(17)(28)(29) and 7	( 2,506,165)	( 78)	( 2,541,172)	( 79)
5900	Gross profit from operations		<u>717,127</u>	<u>22</u>	<u>648,213</u>	<u>21</u>
	Operating expenses	6(16)(17)(28)(29) and 7				
6100	Selling expenses		( 106,442)	( 3)	( 81,691)	( 3)
6200	Administrative expenses		( 187,806)	( 6)	( 166,846)	( 5)
6300	Research and development expenses		( 204,514)	( 6)	( 154,294)	( 5)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	( 2,242)	-	( 5,861)	-
6000	Operating expenses		( 501,004)	( 15)	( 408,692)	( 13)
6900	Net operating income		<u>216,123</u>	<u>7</u>	<u>239,521</u>	<u>8</u>
	Non-operating income and expenses					
7100	Interest income	6(4)(24)	18,613	-	3,141	-
7010	Other income	6(3)(7)(10)(25) and 7	8,435	-	3,517	-
7020	Other gains and losses	6(2)(9)(12)(26)	33,855	1	30,368	1
7050	Finance costs	6(9)(13)(14)(27)	( 12,656)	-	( 7,983)	-
7055	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	4,355	-	-	-
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method	6(7)	( 13,241)	-	69,935	2
7000	Non-operating income and expenses		<u>39,361</u>	<u>1</u>	<u>98,978</u>	<u>3</u>
7900	<b>Profit before income tax</b>		255,484	8	338,499	11
7950	Income tax expense	6(30)	-	-	-	-
8200	<b>Profit for the year</b>		<u>\$ 255,484</u>	<u>8</u>	<u>\$ 338,499</u>	<u>11</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	6(3)(22)(30)				
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		( \$ 16,833)	-	( \$ 14,372)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		3,513	-	2,874	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		( 13,320)	-	( 11,498)	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	6(22)(30)				
8361	Exchange differences on translation		( 27,259)	( 1)	15,652	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		5,452	-	( 3,130)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		( 21,807)	( 1)	12,522	-
8300	<b>Other comprehensive (loss) income for the year, net of tax</b>		<u>( \$ 35,127)</u>	<u>( 1)</u>	<u>\$ 1,024</u>	<u>-</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 220,357</u>	<u>7</u>	<u>\$ 339,523</u>	<u>11</u>
	Basic earnings per share	6(31)				
9750	Basic earnings per share		\$ 1.41		\$ 2.14	
	Diluted earnings per share	6(31)				
9850	Diluted earnings per share		\$ 1.32		\$ 1.99	

The accompanying notes are an integral part of these parent company only financial statements.

SYSGRATION LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital		Capital surplus	Retained earnings			Other equity interest		Total equity	
		Ordinary share	Certificate of entitlement to new shares from convertible bonds	Advance receipts for share capital	Additional paid-in capital	Legal reserve	Special reserve	Retained earnings	Exchange differences on translation of foreign financial statements		Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
<b>Year 2022</b>											
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 year	6(22)	-	-	-	-	-	-	-	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)	7,257	1,360	-	21,144	-	-	-	-	-	29,761
Exercise of employee stock options	6(19)(20)	15,314	-	( 1,689 )	14,908	-	-	-	-	-	28,533
Proceeds from disposal of equity instruments at fair value through other comprehensive income	6(3)(22)	-	-	-	-	-	-	2,587	-	( 2,587 )	-
Capital surplus used to offset accumulated deficit	6(20)	-	-	-	( 122,699 )	-	-	122,699	-	-	-
Special reserve used to offset accumulated deficit		-	-	-	-	-	( 35,953 )	35,953	-	-	-
Cash capital increase	6(19)	102,500	-	-	225,500	-	-	-	-	-	328,000
Balance at December 31, 2022		<u>\$ 1,670,605</u>	<u>\$ 1,360</u>	<u>\$ 8,267</u>	<u>\$ 310,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,968</u>	<u>(\$ 51,526)</u>	<u>(\$ 40,939)</u>	<u>\$ 1,942,771</u>
<b>Year 2023</b>											
Balance at January 1, 2023		\$ 1,670,605	\$ 1,360	\$ 8,267	\$ 310,036	\$ -	\$ -	\$ 44,968	(\$ 51,526)	(\$ 40,939)	\$ 1,942,771
Profit for the year		-	-	-	-	-	-	255,484	-	-	255,484
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	-	-	-	( 21,807 )	( 13,320 )	( 35,127 )
Total comprehensive income (loss)		-	-	-	-	-	-	255,484	( 21,807 )	( 13,320 )	220,357
Share-based compensation cost	6(17)(19)(20)	-	-	-	16,851	-	-	-	-	-	16,851
Convertible bonds	6(19)(20)	36,320	53,713	-	216,853	-	-	-	-	-	306,886
Exercise of employee stock options	6(19)(20)	12,924	-	( 6,003 )	10,223	-	-	-	-	-	17,144
Proceeds from disposal of equity instruments at fair value through other comprehensive income	6(3)(22)	-	-	-	-	-	-	733	-	( 733 )	-
Cash capital increase	6(19)	126,000	-	-	315,000	-	-	-	-	-	441,000
Recognition of share option in issuance of convertible bonds		-	-	-	30,085	-	-	-	-	-	30,085
Appropriations of net income for 2022	6(21)	-	-	-	-	4,497	-	( 4,497 )	-	-	-
Legal reserve appropriated		-	-	-	-	-	-	1,563	( 1,563 )	-	-
Special reserve appropriated		-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2023		<u>\$ 1,845,849</u>	<u>\$ 55,073</u>	<u>\$ 2,264</u>	<u>\$ 899,048</u>	<u>\$ 4,497</u>	<u>\$ 1,563</u>	<u>\$ 295,125</u>	<u>(\$ 73,333)</u>	<u>(\$ 54,992)</u>	<u>\$ 2,975,094</u>

The accompanying notes are an integral part of these parent company only financial statements.

SYSGRATION LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 255,484	\$ 338,499
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets and financial liabilities at fair value through profit or loss	6(2)(12)(26)	( 3,025 )	878
Expected credit impairment loss	12(2)	2,242	5,861
Depreciation	6(8)(9)(10)(28)	73,352	56,211
Amortisation	6(11)(28)	22,238	16,084
(Gain on reversal) loss on decline for inventory in market value	6(6)	( 6,421 )	17,099
Profit from lease modification	6(26)	( 4 )	-
Gain recognised in bargain purchase transaction	6(25)	( 2,415 )	-
Gain on disposal of property, plant and equipment	6(26)	( 48 )	( 2 )
Share of profit of subsidiaries and associates for using the equity method	6(7)	13,241	( 69,935 )
Interest expense	6(9)(13)(14)(27)	12,656	7,983
Interest income	6(24)	( 18,613 )	( 3,141 )
Dividend income	6(25)	( 2,836 )	( 1,105 )
Share-based compensation cost	6(17)	16,851	10,834
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 1,946 )	535
Accounts receivable		( 95,947 )	( 331,454 )
Accounts receivables - related parties		3,680	( 2,159 )
Other receivables		( 1,025 )	( 3,361 )
Other receivables - related parties		( 174,600 )	( 9 )
Inventories		109,336	10,095
Other current assets		( 3,253 )	2,286
Changes in operating liabilities			
Current contract liabilities		( 2,175 )	1,092
Notes payable		( 787 )	737
Accounts payable		12,082	( 26,933 )
Accounts payable-related parties		15,201	95,437
Other payables		35,329	37,259
Other payables-related parties		118,213	1,823
Current provisions		18,077	14,067
Other current liabilities, others		( 400 )	( 6,836 )
Cash inflow generated from operations		394,487	171,845
Interest paid		( 4,628 )	( 3,246 )
Interest received		18,808	2,754
Dividend received		2,836	1,105
Income tax paid		( 1,398 )	( 101 )
Net cash flows from operating activities		<u>410,105</u>	<u>172,357</u>

(Continued)

SYSGRATION LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		( \$ 9,000 )	( \$ 12,000 )
Acquisition of financial assets at fair value through other comprehensive income		( 105,981 )	( 80,786 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		6,644	13,500
Proceeds from disposal of investments accounted for using the equity method		( 781,542 )	-
Increased in financial assets at amortised cost		104,501	4,100
Acquisition of property, plant and equipment	6(32)	( 40,292 )	( 48,140 )
Proceeds from disposal of property, plant and equipment		73	37
Acquisition of intangible assets	6(11)	( 29,480 )	( 21,170 )
Increase in refundable deposits		( 2,458 )	( 921 )
Increase in prepayments for business facilities		( 52,324 )	( 37,656 )
Decrease in other current assets		( 2,294 )	( 2,448 )
Net cash flows used in investing activities		( 912,153 )	( 185,484 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(33)	87,801	196,530
Repayment of long-term borrowings	6(33)	( 90,769 )	( 72,186 )
Proceeds from convertible bond issuance	6(13)(33)	497,300	-
Repayments of bonds	6(33)	( 154,900 )	-
Proceeds from exercise of employee stock options	6(19)	17,144	28,533
Payments of lease liabilities	6(9)(33)	( 19,765 )	( 18,970 )
Increase in guarantee deposits received		( 198 )	-
Cash capital increase	6(19)	441,000	328,000
Net cash flows from financing activities		777,613	461,907
Net increase in cash and cash equivalents		275,565	448,780
Cash and cash equivalents at beginning of year	6(1)	1,132,693	683,913
Cash and cash equivalents at end of year	6(1)	\$ 1,408,258	\$ 1,132,693

The accompanying notes are an integral part of these parent company only financial statements.

## Appendix 5

### 2023 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, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 2023 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 2023 consolidated financial statements are stated as follows:

#### **Existence and occurrence of revenue**

##### Description

Please refer to Note 4(31) for accounting policies on revenue recognition and Note 6(24) 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 existence of sales revenue.

### **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, 2023, the Group's inventories and allowances for inventory valuation losses were NT\$396,500 thousand and NT\$26,374 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, 2023 and 2022.

### ***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

February 26, 2024

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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, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 2,164,325	45	\$ 1,228,963	34
1110	Financial assets at fair value through profit or loss - current	6(2)	121	-	139	-
1136	Current financial assets at amortised cost	6(1)(4) and 8	-	-	100,501	3
1150	Notes receivable, net	6(5) and 12(2)	4,447	-	2,521	-
1170	Accounts receivable, net	6(5) and 12(2)	970,522	20	918,035	26
1200	Other receivables		24,907	1	12,317	-
1220	Current income tax assets	6(31)	705	-	185	-
130X	Inventories	6(6)	370,126	8	423,002	12
1470	Other current assets		48,830	1	75,878	2
11XX	<b>Current assets</b>		<u>3,583,983</u>	<u>75</u>	<u>2,761,541</u>	<u>77</u>
<b>Non-current assets</b>						
1510	Non-current financial assets at fair value through profit or loss	6(2)	25,103	-	12,460	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	231,456	5	148,952	4
1535	Non-current financial assets at amortised cost	6(1)(4) and 8	16,700	-	20,700	1
1550	Investments accounted for using equity method	6(7)	127,494	3	-	-
1600	Property, plant and equipment	6(8), 7 and 8	554,777	12	453,061	13
1755	Right-of-use assets	6(9)	71,114	1	29,955	1
1760	Investment property - net	6(10)	3,888	-	4,025	-
1780	Intangible assets	6(11)	26,628	1	19,843	1
1840	Deferred income tax assets	6(31)	40,941	1	30,851	1
1900	Other non-current assets		90,482	2	87,973	2
15XX	<b>Non-current assets</b>		<u>1,188,583</u>	<u>25</u>	<u>807,820</u>	<u>23</u>
1XXX	<b>Total assets</b>		<u>\$ 4,772,566</u>	<u>100</u>	<u>\$ 3,569,361</u>	<u>100</u>

(Continued)

**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ -	-	\$ 8,816	-
2120	Financial liabilities at fair value through profit or loss - current	6(13)	3,250	-	-	-
2130	Current contract liabilities	6(24)	6,209	-	10,112	-
2150	Notes payable		936	-	1,724	-
2170	Accounts payable		638,169	14	589,317	17
2200	Other payables	6(16)(33)	243,288	5	179,322	5
2220	Other payables - related parties	7	195	-	-	-
2250	Current provisions	6(19)	39,323	1	21,246	1
2280	Current lease liabilities		35,601	1	20,834	1
2320	Long-term liabilities, current portion	6(14)(15) and 8	100,953	2	542,374	15
2399	Other current liabilities, others		15,422	-	15,450	-
21XX	<b>Current liabilities</b>		<u>1,083,346</u>	<u>23</u>	<u>1,389,195</u>	<u>39</u>
<b>Non-current liabilities</b>						
2530	Bonds payable	6(14)	469,333	10	-	-
2540	Long-term borrowings	6(15) and 8	207,078	4	227,589	7
2570	Deferred income tax liabilities	6(31)	1,000	-	-	-
2580	Non-current lease liabilities		36,000	1	9,608	-
2600	Other non-current liabilities		715	-	198	-
25XX	<b>Non-current liabilities</b>		<u>714,126</u>	<u>15</u>	<u>237,395</u>	<u>7</u>
2XXX	<b>Total liabilities</b>		<u>1,797,472</u>	<u>38</u>	<u>1,626,590</u>	<u>46</u>
Equity attributable to owners of the parent						
Share capital						
3110	Ordinary shares	6(20)	1,845,849	39	1,670,605	47
3130	Certificate of entitlement to new shares from convertible bonds		55,073	1	1,360	-
3140	Advance receipts for share capital		2,264	-	8,267	-
Capital surplus						
3200	Capital surplus	6(21)	899,048	19	310,036	8
Retained earnings						
3310	Legal reserve	6(22)	4,497	-	-	-
3320	Special reserve		1,563	-	-	-
3350	Retained earnings		295,125	6	44,968	1
Other equity interest						
3400	Other equity interest	6(23)	(128,325)	(3)	(92,465)	(2)
31XX	<b>Equity attributable to owners of the parent</b>		<u>2,975,094</u>	<u>62</u>	<u>1,942,771</u>	<u>54</u>
3XXX	<b>Total equity</b>		<u>2,975,094</u>	<u>62</u>	<u>1,942,771</u>	<u>54</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 4,772,566</u>	<u>100</u>	<u>\$ 3,569,361</u>	<u>100</u>

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

**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(24)	\$ 3,278,708	100	\$ 3,404,355	100
5000 Operating costs	6(6)(17)(18)(29) (30) and 7	( 2,467,840)	( 75)	( 2,599,804)	( 76)
5900 Gross profit from operations		<u>810,868</u>	<u>25</u>	<u>804,551</u>	<u>24</u>
Operating expenses	6(17)(18)(29) (30)				
6100 Selling expenses		( 124,505)	( 4)	( 97,912)	( 3)
6200 Administrative expenses		( 229,743)	( 7)	( 198,567)	( 6)
6300 Research and development expenses		( 256,264)	( 8)	( 201,626)	( 6)
6450 Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	( 6,598)	-	( 2,324)	-
6000 Total operating expenses		( 617,110)	( 19)	( 500,429)	( 15)
6900 Operating profit		<u>193,758</u>	<u>6</u>	<u>304,122</u>	<u>9</u>
Non-operating income and expenses					
7100 Interest income	6(4)(25)	22,238	1	3,488	-
7010 Other income	6(7)(26)	12,679	-	5,532	-
7020 Other gains and losses	6(2)(13)(27)	36,308	1	33,829	1
7050 Finance costs	6(9)(12)(14)(15) (28)	( 13,125)	-	( 8,472)	-
7055 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	6,592	-	-	-
7060 Share of loss of associates and joint ventures accounted for using equity method	6(7)	( 2,717)	-	-	-
7000 Total non-operating income and expenses		<u>61,975</u>	<u>2</u>	<u>34,377</u>	<u>1</u>
7900 Profit before income tax		<u>255,733</u>	<u>8</u>	<u>338,499</u>	<u>10</u>
7950 Income tax expense	6(31)	( 249)	-	-	-
8200 Profit for the year		<u>\$ 255,484</u>	<u>8</u>	<u>\$ 338,499</u>	<u>10</u>

(Continued)



**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	6(3)(23)(31)				
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(\$ 16,833)	-	(\$ 14,372)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		3,513	-	2,874	-
8310 Total other comprehensive loss that will not be reclassified to profit or loss, net of tax		(13,320)	-	(11,498)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	6(23)(31)				
8361 Exchange differences on translation		(27,259)	(1)	15,652	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss		5,452	-	(3,130)	-
8360 Total other comprehensive (loss) income that will be reclassified to profit or loss, net of tax		(21,807)	(1)	12,522	-
8300 <b>Other comprehensive (loss) income for the year, net of tax</b>		(\$ 35,127)	(1)	\$ 1,024	-
8500 <b>Total comprehensive income for the year</b>		\$ 220,357	7	\$ 339,523	10
Profit, attributable to:					
8610 Owners of the parent		\$ 255,484	8	\$ 338,499	10
		\$ 255,484	8	\$ 338,499	10
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 220,357	7	\$ 339,523	10
		\$ 220,357	7	\$ 339,523	10
Basic earnings per share	6(32)				
9750 Basic earnings per share		\$	1.41	\$	2.14
Diluted earnings per share	6(32)				
9850 Diluted earnings per share		\$	1.32	\$	1.99

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

SYSGRATION LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
	Share capita		Capital surplus		Retained earnings			Other equity interest			Total equity
	Notes	Ordinary shares	Certificate of entitlement to new shares from convertible bonds	Advance receipts for share capital	Additional paid-in capital	Legal reserve	Special reserve	Retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<b>Year 2022</b>											
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 year	6(23)	-	-	-	-	-	-	-	12,522	( 11,498 )	1,024
Total comprehensive income (loss)		-	-	-	-	-	-	338,499	12,522	( 11,498 )	339,523
Share-based compensation cost	6(18)(20)(21)	-	-	-	10,834	-	-	-	-	-	10,834
Convertible bonds	6(20)(21)	7,257	1,360	-	21,144	-	-	-	-	-	29,761
Exercise of employee stock options	6(20)(21)	15,314	-	( 1,689 )	14,908	-	-	-	-	-	28,533
Disposal of fair value through other comprehensive income	6(3)(23)	-	-	-	-	-	-	2,587	-	( 2,587 )	-
Capital surplus used to offset accumulated deficit	6(21)	-	-	-	( 122,699 )	-	-	122,699	-	-	-
Special reserve used to offset accumulated deficit		-	-	-	-	-	( 35,953 )	35,953	-	-	-
Cash capital increase	6(20)	102,500	-	-	225,500	-	-	-	-	-	328,000
Balance at December 31, 2022		<u>\$ 1,670,605</u>	<u>\$ 1,360</u>	<u>\$ 8,267</u>	<u>\$ 310,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,968</u>	<u>(\$ 51,526)</u>	<u>(\$ 40,939)</u>	<u>\$ 1,942,771</u>
<b>Year 2023</b>											
Balance at January 1, 2023		\$ 1,670,605	\$ 1,360	\$ 8,267	\$ 310,036	\$ -	\$ -	\$ 44,968	(\$ 51,526)	(\$ 40,939)	\$ 1,942,771
Profit for the year		-	-	-	-	-	-	255,484	-	-	255,484
Other comprehensive loss for the year	6(23)	-	-	-	-	-	-	-	( 21,807 )	( 13,320 )	( 35,127 )
Total comprehensive income (loss)		-	-	-	-	-	-	255,484	( 21,807 )	( 13,320 )	220,357
Share-based compensation cost	6(18)(20)(21)	-	-	-	16,851	-	-	-	-	-	16,851
Convertible bonds	6(14)(20)(21)(33)	36,320	53,713	-	216,853	-	-	-	-	-	306,886
Exercise of employee stock options	6(20)(21)	12,924	-	( 6,003 )	10,223	-	-	-	-	-	17,144
Disposal of fair value through other comprehensive income	6(3)(23)	-	-	-	-	-	-	733	-	( 733 )	-
Cash capital increase	6(20)	126,000	-	-	315,000	-	-	-	-	-	441,000
Recognition of share option in issuance of convertible bonds		-	-	-	30,085	-	-	-	-	-	30,085
Appropriations of net income for 2022	6(22)	-	-	-	-	4,497	-	( 4,497 )	-	-	-
Legal reserve appropriated		-	-	-	-	-	-	-	-	-	-
Special reserve appropriated		-	-	-	-	-	1,563	( 1,563 )	-	-	-
Balance at December 31, 2023		<u>\$ 1,845,849</u>	<u>\$ 55,073</u>	<u>\$ 2,264</u>	<u>\$ 899,048</u>	<u>\$ 4,497</u>	<u>\$ 1,563</u>	<u>\$ 295,125</u>	<u>(\$ 73,333)</u>	<u>(\$ 54,992)</u>	<u>\$ 2,975,094</u>

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

**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 255,733	\$ 338,499
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets at fair value through profit or loss	6(2)(13)(27)	( 3,148 )	878
Expected credit impairment loss	12(2)	6,598	2,324
(Gain on reversal) loss on decline for inventory in market value	6(6)	( 9,727 )	18,019
Depreciation	6(8)(9)(10)(29)	130,426	98,567
Amortisation	6(11)(29)	23,074	16,722
Share of profit of associates accounted for using equity method	6(7)	2,717	-
Gain on disposal of property, plant and equipment	6(27)	( 174 )	2,362
Interest expense	6(9)(12)(14)(15)(28)	13,125	8,472
Interest income	6(25)	( 22,238 )	( 3,488 )
Dividend income	6(26)	( 2,836 )	( 1,105 )
Share-based payments	6(18)	16,851	10,834
Profit from lease modification	6(27)	( 4 )	-
Gain recognised in bargain purchase transaction	6(26)	( 2,415 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 1,946 )	2,872
Accounts receivable		( 58,983 )	( 303,327 )
Other receivables		( 10,940 )	1,901
Inventories		62,603	107,467
Other current assets		27,048	20,620
Changes in operating liabilities			
Contract liabilities		( 3,903 )	( 11,086 )
Notes payable		( 788 )	738
Accounts payable		48,852	( 184,343 )
Other payables		39,078	39,776
Other payables - related parties		49	-
Current provisions		18,077	14,067
Other current liabilities		( 28 )	( 6,433 )
Cash inflow generated from operations		527,101	174,336
Interest received		20,588	3,101
Interest paid		( 4,714 )	( 3,457 )
Income tax paid		( 1,407 )	( 101 )
Dividend received		2,836	1,105
Net cash flows from operating activities		544,404	174,984

(Continued)

**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 105,981 )	(\$ 80,786 )
Acquisition of financial assets at fair value through profit or loss		( 9,000 )	( 12,000 )
Acquisition of investments accounted for using equity method	6(7)	( 127,796 )	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		6,644	13,500
Decrease in financial assets at amortised cost		104,501	4,100
Acquisition of property, plant and equipment	6(33)	( 133,933 )	( 107,036 )
Proceeds from disposal of property, plant and equipment		21,177	423
Acquisition of intangible assets	6(11)	( 29,910 )	( 21,865 )
Increase in refundable deposits		( 6,144 )	( 1,351 )
Increase in prepayments for business facilities		( 55,551 )	( 45,612 )
Increase in other non-current assets		( 1,565 )	( 1,603 )
Net cash flows used in investing activities		( 337,558 )	( 252,230 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term borrowings	6(34)	( 8,862 )	-
Proceeds from long-term borrowings	6(34)	87,801	196,530
Repayment of long-term borrowings	6(34)	( 90,769 )	( 72,186 )
Proceeds from issuance of bonds	6(34)	497,300	-
Repayments of bonds	6(34)	( 154,900 )	-
Exercise of employee share options	6(20)	17,144	28,533
Payments of lease liabilities	6(34)	( 35,824 )	( 28,866 )
Increase in guarantee deposits received		517	-
Cash capital increase	6(20)	441,000	328,000
Net cash flows from financing activities		753,407	452,011
Effect of exchange rate changes on cash and cash equivalents		( 24,891 )	13,411
Net increase in cash and cash equivalents		935,362	388,176
Cash and cash equivalents at beginning of year	6(1)	1,228,963	840,787
Cash and cash equivalents at end of year	6(1)	\$ 2,164,325	\$ 1,228,963

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

## Appendix 6

### Sysgration Ltd. Profit Appropriation Table For the Year 2023

	Unit: NT\$
Item	Amount
Distributable earnings at the beginning of the period	38,908,151
Minus: Special reserves for accumulated loss on other equity interest of the prior period	(38,908,151)
Plus: 2023 Net profit after tax	255,484,116
Plus: Gains on disposal of financial assets measured at fair value through other comprehensive income	733,409
Minus: Legal reserves	(25,621,753)
Minus: Special reserves for the net deduction on other equity interest of the current period	(35,860,195)
Distributable earnings at the end of the period	<u>194,735,577</u>
Distribution items:	
Dividend to common shareholders (Cash dividend of NT\$0.7 per share)	<u>(133,228,268)</u>
Unappropriated retained earnings at the end of the period	<u><u>61,507,309</u></u>

Note 1: In principle, the Company's distributable earnings in 2023 are distributed first.

Note 2: The cash dividend to be distributed per share is calculated based on the total number of 190,326,097 shares outstanding at the time of the resolution of the Board of Directors on February 26, 2024. The amount of cash dividends distributed is rounded down to NT\$ 1, and the total fractional amount less than NT\$1 is transferred to other income.

Chairman: Lee, Yi-Ren

President: Hsieh, Tung-Fu

CFO: Tsai, Hsiu-Mei

## Appendix 7

### Sysgration Ltd.

#### Comparison Table of Amendments to “Articles of Incorporation”

Article before amendment	Article after amendment	Reasons of amendment
<p>Article 6: The rated capital of the Company is NT\$3 billion, divided into 300 million shares, and issued in installments. <u>NT\$200 million</u> of the total amount of rated capital mentioned in the preceding paragraph is reserved for issuing employee stock warrants, a total of <u>20 million shares</u>, which may be issued in installments according to the resolution of the Board of Directors.</p>	<p>Article 6: The rated capital of the Company is NT\$3 billion, divided into 300 million shares, and issued in installments. <u>NT\$300 million</u> of the total amount of rated capital mentioned in the preceding paragraph is reserved for issuing employee stock warrants, a total of <u>30 million shares</u>, which may be issued in installments according to the resolution of the Board of Directors.</p>	<p>Amendments are made due to practical requirement.</p>
<p>Article 18: The Board of Directors shall be organized by the directors, with the presence of at least two-thirds of the directors and the consent of more than half of the directors present to elect a Chairman, who shall represent the Company externally. If a meeting of the Board of Directors is held by video conference, the directors who participate in the meeting by video conference shall be deemed to be present in person. The meeting of the Board of Directors shall state the reasons for the meeting and notify the directors seven days in advance. However, in case of emergency, a meeting may be convened at any time. The meeting of the Board of Directors referred to in the preceding paragraph may be notified in writing, by e-mail, or by fax.</p>	<p>Article 18: The Board of Directors shall be organized by the directors, with the presence of at least two-thirds of the directors and the consent of more than half of the directors present to elect a Chairman, who shall represent the Company externally. If a meeting of the Board of Directors is held by video conference, the directors who participate in the meeting by video conference shall be deemed to be present in person. <u>Directors shall attend board meetings in person. If a director is unable to attend a board meeting for whatever reason, he/she may appoint another director to attend the meeting on his/her behalf; however, a proxy form must be issued each time, stating the scope of authorization for the meeting subjects. If an independent director is unable to attend the meeting in person, he/she shall appoint another independent director to attend the meeting on his/her behalf.</u> <u>The proxy referred to in the preceding paragraph shall be limited to one person.</u> The meeting of the Board of Directors shall state the reasons for the meeting and notify the directors seven days in advance. However, in case of emergency, a meeting may be convened at any time. The meeting of the Board of Directors referred to in the preceding paragraph may be notified in writing, by e-mail, or by fax.</p>	<p>Amendments are made due to practical requirement.</p>
<p>Article 26: If the Company's annual gross final accounts show a surplus, the Company shall first pay taxes and make up for previous losses. The subsequent deduction shall be 10% as the statutory surplus reserves, except when the statutory surplus reserves have reached the paid-in capital of the</p>	<p>Article 26: If the Company's annual gross final accounts show a surplus, the Company shall first pay taxes and make up for previous losses. The subsequent deduction shall be 10% as the statutory surplus reserves, except when the statutory surplus reserves have reached the paid-in capital of the</p>	<p>Amendments are made due to practical requirement.</p>

<p>Company. Furthermore, the special surplus reserve shall be set aside according to the operation needs of the Company and the provisions of laws and regulations. If a surplus still remains and has not been distributed at the beginning of the same period, the Board of Directors shall draw up a surplus distribution plan and submit it to the shareholders' meeting for resolution to distribute or retain.</p> <p>In order to meet the Company's long-term business development, future capital needs, and long-term business planning, no more than 90% of distributable earnings shall be allocated to shareholders each year, except when the accumulated distributable earnings are less than 5% of paid-in capital stock, in which case it shall not be distributed. The cash dividend shall be no less than 10% of the total dividend, but if the amount of cash dividend allocated is less than NT\$0.5 per share, it may be paid out all in shares dividend.</p>	<p>Company. Furthermore, the special surplus reserve shall be set aside according to the operation needs of the Company and the provisions of laws and regulations. If a surplus still remains and has not been distributed at the beginning of the same period, the Board of Directors shall draw up a surplus distribution plan and submit it to the shareholders' meeting for resolution to distribute or retain.</p> <p><u>With the presence of at least two-thirds of directors and a resolution of a majority of the directors present, the Company authorizes the Board of Directors to distribute all or part of dividends and bonuses, capital reserves or legal reserves in cash, without being subject to a shareholders' meeting's resolution as required in the preceding paragraph.</u></p> <p>In order to meet the Company's long-term business development, future capital needs, and long-term business planning, no more than 90% of distributable earnings shall be allocated to shareholders each year, except when the accumulated distributable earnings are less than 5% of paid-in capital stock, in which case it shall not be distributed. The cash dividend shall be no less than 10% of the total dividend, but if the amount of cash dividend allocated is less than NT\$0.5 per share, it may be paid out all in shares dividend.</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 42nd amendment was made on April 29,2022; the 43nd amendment was made on April 27,2023 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 42nd amendment was made on April 29,2022; the 43nd amendment was made on April 27,2023 <u>the 44nd amendment was made on May 6,2024</u> and implemented upon approval of the shareholders' meeting.</p>	<p>Addition of amendment date.</p>

## Appendix 8

### Sysgration Ltd.

#### Comparison Table of Amendments to “Procedures of Fund Lending to Others”

Article before amendment	Article after amendment	Reasons of amendment
<p>The total amount of the Company’s loans and the maximum amount of loans to individual borrowers:</p> <ol style="list-style-type: none"> <li>1. The total amount of the Company’s loans to others shall not exceed 40% of the Company’s net worth.</li> <li>2. Loaning of funds for business transactions: For companies or firms that have business dealings with the Company, the amount of loans to individual borrowers shall not exceed the amount of business dealings between both parties in the most recent year or in the twelve months preceding. The so-called amount of business dealings is the amount of purchases or sales between both parties, whichever is higher.</li> <li>3. Loaning of funds for short-term financing: <ol style="list-style-type: none"> <li>(1) Except for the Company’s affiliates, the amount of loans to individual companies or firms with short-term financing needs shall not exceed 10% of the Company’s net worth.</li> <li>(2) The total amount of loans between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or the total amount of loans to the Company for short-term financing from overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, shall not exceed 80% of the net worth of the lending company; the amount of loans to individual borrowers shall not exceed 80% of the net worth of the lending company, and the maximum financing period is three years. Extension (if needed) is limited to one time, and each extension can last up to three years.</li> <li>(3) The amount of the Company’s loans to individual subsidiaries in which the Company holds, directly or indirectly, 50% or more of the voting shares, shall not exceed 40% of the Company’s net worth.</li> <li>(4) The total amount of the Company’s loans to others for short-term financing shall not exceed 40% of the Company’s net worth.</li> </ol> </li> </ol> <p>The aforementioned net worth is based on the data on the owners’ equity of the parent company as disclosed in the Company’s most recent consolidated financial statements certified or reviewed by a CPA.</p>	<p>The total amount of the Company’s loans and the maximum amount of loans to individual borrowers:</p> <ol style="list-style-type: none"> <li>1. The total amount of the Company’s loans to others shall not exceed 40% of the Company’s net worth.</li> <li>2. Loaning of funds for business transactions: For companies or firms that have business dealings with the Company, the amount of loans to individual borrowers shall not exceed the amount of business dealings between both parties in the most recent year or in the twelve months preceding. The so-called amount of business dealings is the amount of purchases or sales between both parties, whichever is higher. <u>However, the total amount of loans to individual borrowers shall not exceed 40% of the Company’s net worth.</u></li> <li>3. Loaning of funds for short-term financing: <ol style="list-style-type: none"> <li>(1) Except for the Company’s affiliates, the amount of loans to individual companies or firms with short-term financing needs shall not exceed 10% of the Company’s net worth.</li> <li>(2) The total amount of loans between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or the total amount of loans to the Company for short-term financing from overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, shall not exceed 80% of the net worth of the lending company; the amount of loans to individual borrowers shall not exceed 80% of the net worth of the lending company, and the maximum financing period is three years. Extension (if needed) is limited to one time, and each extension can last up to three years.</li> <li>(3) The amount of the Company’s loans to individual subsidiaries in which the Company holds, directly or indirectly, 50% or more of the voting shares, shall not exceed 40% of the Company’s net worth.</li> <li>(4) The total amount of the Company’s loans to others for short-term financing shall not exceed 40% of the Company’s net worth.</li> </ol> </li> </ol> <p>The aforementioned net worth is based on the data on the owners’ equity of the parent company as disclosed in the Company’s most recent consolidated financial statements certified or reviewed by a CPA.</p>	<p>Amendments are made due to practical requirement.</p>



## Appendix 9

# Sysgration Ltd. Articles of Incorporation

### Chapter 1 General Provisions

- Article 1. The Corporation shall be incorporated under the Company Act of the Republic of China, and its name shall be Sysgration Ltd. (系統電子工業股份有限公司 in Chinese).
- Article 2. The scope of business operations of the Corporation shall be as follows:
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. CC01100 Telecommunication controlled radio frequency equipment manufacturing.
  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
  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.

- Article 3. The Company may, as required by its business, conduct mutual guarantee business with related enterprises or peers.
- Article 4. The Company has its head office located in Taipei and may set up branches or factories at home and abroad upon resolution of the Board of Directors when necessary.
- Article 5. Public announcement of the Corporation shall be made in accordance with Article 28 of the Company Act.

## **Chapter 2 Shares**

- Article 6. The rated capital of the Company is NT\$3 billion, divided into 300 million shares, and issued in installments.  
NT\$200 million of the total amount of rated capital mentioned in the preceding paragraph is reserved for issuing employee stock warrants, a total of 20 million shares, which may be issued in installments according to the resolution of the Board of Directors.
- Article 7. For the purposes of its business, the Company may guarantee for and invest in other businesses. The total amount of investment is not subject to the limit of 40% of the capital in Article 13 of the Company Law.
- Article 8. Where the Company issues new shares with limited employees' rights, the provisions of Article 6 (1) shall not apply. The shareholders' meeting shall be held with attendants on behalf of more than two-thirds of the shareholders of the total number of issued shares, and the approval of more than half of the shareholders who attend the meeting shall be taken. Where the total number of shares of the shareholders present is less than the aforementioned quota, shareholders representing more than half of the total number of shares issued shall attend the meeting, and it shall be approved by more than two-thirds of the voting rights of the shareholders present.
- Article 9. The transfer object of purchased shares by the Company shall include the employees of the affiliated company who meet certain conditions, and the terms and manner of transfer shall be authorized to be determined by the Board of Directors.  
The Company's employee stock warrants shall be issued to employees of the affiliated company who meet certain conditions, and the terms and methods of issuance shall be authorized to be determined by the Board of Directors.

The Company shall issue new shares with restricted employee rights to employees who meet certain conditions, and the Board of Directors shall be authorized to determine the conditions and distribution.

The Company reserves new shares issued by cash capital increase for employees to undertake the shares, including employees of the affiliated company who meet certain conditions, and the terms and manner of purchase shall be authorized and determined by the Board of Directors.

- Article 10. The shares issued by the Company shall be registered, signed, or sealed by the directors representing the Company and shall be numbered and issued upon approval by the Competent Authority or its approved issue-registration authority.  
The Company may not print the shares issued by the Company and shall register with the securities centralized depository institution.

- Article 11. Unless otherwise provided by laws and securities regulations, the Company's share affairs and shareholders' handling of share transfer, pledge of rights, loss reporting, inheritance, gift and seal loss reporting, change of address, and other share affairs shall be handled in accordance with the "Standards for Share Affairs Handling of Public Offering Companies."

### **Chapter 3 Shareholders' Meetings**

- Article 12. Two types of shareholders' meeting can be held, the general meeting and the temporary meeting; the general meeting is held once a year, within six months after the end of each fiscal year in accordance with the law, and the temporary meeting is held whenever necessary.  
The company may hold its shareholders' meeting by video conference or other methods promulgated by the central competent authority.
- Article 13. If a shareholder is unable to attend a shareholders' meeting for some reason, he/she may entrust an agent to attend the meeting with the scope of authorization set forth in the Power of Attorney issued by the Company. In addition to the provisions of Article 177 of the Company Law, shareholders to attend by proxy shall be handled according to the Rules on Proxy Letter by Public Offering Companies to Attend Shareholders' Meetings promulgated by the competent authority.
- Article 14. Unless otherwise provided by the law, a shareholder of the Company shall have one vote per share.

### **Chapter 4 Directors and Supervisors**

- Article 15. The Company shall have seven to nine directors, who shall be nominated by the shareholders according to Article 192 (1) of the Company Law. The shareholders' meeting shall elect the directors from the list of candidates for a term of three years.  
The aggregate shareholding ratio of all directors shall be subject to the regulations of the security regulatory authority.
- Article 16. The number of independent directors shall be no less than three and no less than one-fifth of the seats of directors. The shareholders' meeting shall elect and appoint the independent directors from the list of candidates. The professional qualifications, shareholding, part-time employment restrictions, nomination and selection methods of independent directors, and other matters that should be complied with shall be subject to relevant provisions of the security regulatory authority.

Article 17. The Board of Directors of the Company may establish various functional committees, whose membership, exercise of functions and powers, and related matters shall be governed by relevant laws and regulations and shall be determined separately by the Board of Directors.

The Company shall set up an Audit Committee to replace the supervisor. The Audit Committee shall be composed of all independent directors, no less than three persons, one of whom shall be the convenor. The exercise of functions and powers and related matters shall be governed by relevant laws and regulations and shall be determined separately by the Board of Directors.

Article 18. The Board of Directors shall be organized by the directors, with the presence of at least two-thirds of the directors and the consent of more than half of the directors present to elect a Chairman, who shall represent the Company externally. If a meeting of the Board of Directors is held by video conference, the directors who participate in the meeting by video conference shall be deemed to be present in person.

The meeting of the Board of Directors shall state the reasons for the meeting and notify the directors seven days in advance. However, in case of emergency, a meeting may be convened at any time.

The meeting of the Board of Directors referred to in the preceding paragraph may be notified in writing, by e-mail, or by fax.

Article 19. The functions and powers of the Board of Directors are as follows:

1. Compiling important rules and amendments to the Articles of Incorporation of the Company.
2. Formulating the plan of business policy.
3. Preparing the budgets and final accounts.
4. Proposing the proposals for surplus allocation or loss compensation.
5. Preparing the proposals for reinvestment and loan and asset mortgages to other companies.
6. Preparing the purchase and disposal of important property and immovable property.
7. Important personnel decisions.
8. If the endorsement, guarantee, and acceptance for an affiliated enterprise exceed the total amount set by the Board of Directors, it shall be submitted to the Board of Directors for approval.
9. The establishment, adjustment, and cancellation of important organizations of the Company and the preparation of other important issues.
10. Other functions and powers assigned by laws and regulations and the shareholders' meeting.

Article 20. If the Chairman takes a leave of absence or is unable to exercise his or her functions for any reason, his or her agent shall act in accordance with Article 208 of the Company Law.

Article 21. The Company may purchase liability insurance for the directors with regard to their legal liability for compensation in the area of business carried out during their term of office.

Article 22. All the directors may, regardless of business profits and losses, receive travel expenses and remuneration when performing their Company duties, and the remuneration is authorized to be paid by the Board of Directors within the usual range of the same industry.

## **Chapter 5 Managers**

Article 23. The Company may have a certain number of managers. Their employment, discharge, and compensation shall comply with Article 29 of the Company Act.

## **Chapter 6 Accounting**

- Article 24. At the end of each business year and in accordance with the provisions of the Company Act, the Company shall prepare the following lists by the Board of Directors and submit them to the general shareholders' meeting for recognition in accordance with the law:
1. Business Report;
  2. Financial Statements;
  3. Proposal for Surplus Distribution or Deficit Compensation.
- Article 25. 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.
- Article 26. If the Company's annual gross final accounts show a surplus, the Company shall first pay taxes and make up for previous losses. The subsequent deduction shall be 10% as the statutory surplus reserves, except when the statutory surplus reserves have reached the paid-in capital of the Company. Furthermore, the special surplus reserve shall be set aside according to the operation needs of the Company and the provisions of laws and regulations. If a surplus still remains and has not been distributed at the beginning of the same period, the Board of Directors shall draw up a surplus distribution plan and submit it to the shareholders' meeting for resolution to distribute or retain.
- In order to meet the Company's long-term business development, future capital needs, and long-term business planning, no more than 90% of distributable earnings shall be allocated to shareholders each year, except when the accumulated distributable earnings are less than 5% of paid-in capital stock, in which case it shall not be distributed. The cash dividend shall be no less than 10% of the total dividend, but if the amount of cash dividend allocated is less than NT\$0.5 per share, it may be paid out all in shares dividend.
- Article 27. In regard to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.

## **Chapter 7 Supplementary Provisions**

- Article 28. These Articles of Incorporation were established on August 13, 1977; the first amendment was made on September 3, 1977; the second amendment was made on September 23, 1977; the third amendment was made on March 17, 1979; the fourth amendment was made on November 1, 1980; the fifth amendment was made on April 28, 1983; the sixth amendment was made on June 25, 1983; the seventh amendment was made on November 25, 1985; the eighth amendment was made on January 5, 1987; the ninth amendment was made on October 17, 1987; the tenth amendment was made on February 3, 1989; the 11th amendment was made on February 14, 1989; the 12th amendment was made on July 27, 1989; the 13th amendment was made on December 8, 1989; the 14th amendment was made on February 1, 1990; the 15th amendment was made on December 30, 1991; the 16th amendment was made on May 1, 1992 and implemented upon approval of the shareholders' meeting; the 17th amendment was made on April 24, 1993; the 18th amendment was made on April 24, 1994; the 19th amendment was made on April 9, 1995;

the 20th amendment was made on November 18, 1995; the 21st amendment was made on April 27, 1996; the 22nd amendment was made on July 31, 1997; the 23rd amendment was made on January 20, 1998; the 24th amendment was made on May 15, 1998; the 25th amendment was made on May 22, 2000; the 26th amendment was made on June 17, 2002; the 27th amendment was made on July 31, 2003; the 28th amendment was made on April 29, 2005; the 29th amendment was made on June 15, 2006; the 30th amendment was made on June 13th, 2007; the 31st amendment was made on June 13th, 2008; the 32nd amendment was made on June 19, 2009; the 33rd amendment was made on June 25, 2010; the 34th amendment was made on May 10, 2011; the 35th amendment was made on June 19, 2012; the 36th amendment was made on June 4, 2013; the 37th amendment was made on June 10, 2015; the 38th amendment was made on June 17, 2016; the 39th amendment was made on June 19, 2017; the 40th amendment was made on June 14, 2019; and the 41st amendment was made on April 30, 2020; the 42nd amendment was made on April 29, 2022 ; the 43rd amendment was made on April 27, 2023 and implemented upon approval of the shareholders' meeting.

Sysgration Ltd.

Chairman: Lee, Yi-Ren

## Appendix 10

### Sysgration Ltd. Rules of Procedure of Shareholders' Meeting

Approved at the Shareholders' Meeting dated January 30, 1989  
Amended at the Shareholders' Meeting dated June 15, 2006  
Amended at the Shareholders' Meeting dated June 4, 2013

1. The shareholders' meeting of the Company shall be implemented in accordance with the Rules of Procedure for the Shareholders' Meeting of Public Offering Companies promulgated by the Securities and Futures Regulatory Commission of the Ministry of Finance in its Letter TCZ (3) No. 04109 on August 4, 1997.
2. The attending shareholders (or agents) shall bring their attendance cards and sign in the signature book or hand in the signature card instead of signing in. The number of shares in attendance shall be calculated according to the signature book or attendance cards submitted.
3. Attendance and voting at the shareholders' meeting shall be calculated based on shares. The number of shares present shall be calculated based on the signature book or the attendance cards submitted, plus the number of shares voting in written or electronic form.
4. A shareholders' meeting shall be held in the place where the Company is located or at such place as is convenient for shareholders to attend and suitable for the meeting to be held. The meeting shall commence no earlier than 9:00 a.m. or later than 3:00 p.m. The place and time of the meeting shall take full account of the opinions of the independent directors.
5. If a meeting of shareholders is convened by the Board of Directors, the Chairman shall serve as the chairperson. If the Chairman takes a leave of absence or is unable to exercise his or her functions for any reason, the Chairman shall appoint one director to act as the chairperson. If the Chairman does not appoint an agent, the directors shall appoint one to act as the chairperson.

If the shareholders' meeting is convened by a person other than the Board of Directors who has convening authority, the chairperson of the meeting shall be the convening person, and if there are more than two convening persons, one shall be elected as the chairperson.

6. The Company may appoint any lawyer, accountant, or relevant person to attend the shareholders' meeting.

Staff attending the shareholders' meeting shall wear identification cards or armbands.

7. The Company shall record or videotape all shareholders' meetings and shall keep them for at least one year. However, provided that an action is brought by a shareholder in accordance with Article 189 of the Company Law, it shall be retained until the conclusion of the action.
8. The chairperson shall immediately call to order at the declared meeting holding time, but if a representative of more than half of the shares in issue is not present, the chairperson may declare an adjourn of the meeting not to be more than two adjourns, for a time not exceeding one hour in total. If the amount is still insufficient after two adjourns and more than one-third of the shareholders of the total number of shares issued attend the meeting, the shareholders may make a tentative

resolution in accordance with Paragraph 1 of Article 175 of the Company Law, notify other shareholders of the tentative resolution, and convene the shareholders' meeting again within one month.

Before the conclusion of the meeting, if more than half of the shares in issue have been represented by the shareholders present, the chairperson may submit the tentative resolution to the shareholders' meeting for a new vote in accordance with Article 174 of the Company Law.

9. If a meeting of shareholders is convened by the Board of Directors and the agenda is set by the Board of Directors, the meeting shall be held in accordance with the scheduled agenda and no change shall be made without a resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the Board of Directors who has convening authority, the provisions in the preceding paragraph shall apply mutatis mutandis.

The chairperson shall not, without a resolution, adjourn the meeting before the conclusion of the proceedings (including provisional motions) scheduled in the preceding two paragraphs; if the chairperson violates the rules of procedure and announces the dissolution of the meeting, the other members of the Board of Directors shall promptly assist the shareholders to elect one person to serve as the chairperson according to the rules of procedure, and the meeting shall continue with the consent of more than half of voting right of the shareholders present.

After the meeting is adjourned, the shareholders shall not elect another chairperson to resume the meeting at the same address or at another place.

10. Before a speech of a present shareholder, he/she shall fill in a speech note stating the purpose of the speech, the shareholder's account number (or the number of the attendance card) and the name of the shareholder's account. The chairperson shall determine the order of his/her speech.

When a present shareholder makes a speech, other shareholders shall not interfere with the speech except with the consent of the chairperson and the speaking shareholder, and the chairperson shall stop the violator.

11. Without the consent of the chairperson, each shareholder shall make no more than two speeches on the same motion, each of which shall not exceed five minutes.

Where a shareholder's speech violates the provisions of the preceding paragraph or goes beyond the scope of the agenda, the chairperson may stop the shareholder's speech.

12. When an institutional shareholder designate to attend a shareholders' meeting, such institutional shareholder may appoint only one agent to attend the meeting.

When the institutional shareholder appoints two or more agents to attend the shareholders' meeting, only one person may speak on the same motion.

13. After the speech of a present shareholder, the chairperson may respond in person or appoint a relevant person to respond.

14. When the chairperson considers that the discussion of a motion has reached the point where a vote can be taken, he/she may call a halt to the discussion and call for a vote.

15. Supervisors and vote counting staff shall be appointed by the chairperson, provided that the supervisors shall be shareholders. The counting of votes shall be conducted publicly in the meeting room, and the result of voting shall be reported in the meeting room and recorded.



16. While the meeting is in progress, the chairperson may declare a break at such time as may be appropriate.
17. Unless otherwise provided for in the Company Law and the Articles of Incorporation, the voting on a motion shall be approved by more than half of the voting rights of the shareholders present. When voting, if there is no objection after the consultation of the chairperson, it shall be deemed to be passed, and it shall have the same effect as voting.
18. Where amendments or substitutions are made to the same motion, the chairperson shall decide on the order of voting with the original motion. If one of the motions has been passed, the other motions shall be considered vetoed and shall not be voted on again.
19. The chairperson may direct the picket (or security guard) to assist in maintaining order at the venue. When a picket (or security guard) is present to assist in maintaining order, he/she shall wear an armband with the word "Picket".

## Appendix 11

### Sysgration Ltd. Shareholding of Directors

1. The paid-up capital of the Company is NT\$1,903,290,970, and the outstanding number of shares is 190,329,097 shares.
2. In accordance with Article 26 of the Securities and Exchange Act, the minimum number of shares held by all directors shall be 11,419,745 shares.
3. The shareholding status of all directors as recorded in the register of shareholders as of the closing date of this shareholders' meeting (March 8, 2024) is as follows:

Position	Name	Current shareholding (shares)
Chairman	Lee, Yi-Ren	12,880,210
Director	Hsieh, Tung-Fu	844,892
Director	Lee, Cheng-Han	728,126
Director	Tai, Feng-Yi	600,000
Independent Director	Lin, Kuan-Chao	0
Independent Director	He, Ju-Hsiang	0
Independent Director	Wei, Che-Chen	0
Total shareholding of all directors		15,053,228