

CastleNet Technology Inc.



NEW KINPO GROUP

2022

Annual General Shareholders' Meeting Handbook

TIME: June 27, 2022

PLACE: No. 147, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City, Taiwan

Type of Meeting: Physical Shareholders' Meeting

DISCLAIMER

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2022 ANNUAL SHAREHOLDERS' MEETING (THE "HANDBOOK") OF CASTLENET TECHNOLOGY INC. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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1. Meeting Procedures



CastleNet Technology Inc.

2022 Annual General Shareholders' Meeting Procedures

- I. Report the number of shares represented at the meeting
Call the Meeting to order
- II. Chairman's remarks
- III. Report Items
- IV. Ratification Items
- V. Discussion and Election Items
- VI. Extemporaneous Motions
- VII. Adjournment

2. Meeting Agenda



CastleNet Technology Inc.

2022 Annual General Shareholders' Meeting Agenda

Time: 2:00 p.m. on Monday, June 27, 2022

Place: No. 147, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City, Taiwan

Type of Meeting: Physical Shareholders' Meeting

Report the number of shares represented at the meeting and call the Meeting to order

I. Chairman remarks

II. Report Items

- i. 2021 Business Report
- ii. 2021 Audit Committee's Review Report

III. Ratification Items

- i. 2021 Business Report and Financial Statements
- ii. 2021 Deficit Compensation Proposal

IV. Discussion and Election Items

- i. Proposal to Partially Amend the Articles of Incorporation
- ii. Proposal to Partially Amend the Procedures for the Acquisition and Disposal of Assets
- iii. Proposal for the Company's re-election of Directors
- iv. Proposal to release Directors from non-competition restrictions

V. Extemporaneous Motions

VI. Adjournment

Report Items

Report No.1 2021 Business Report

Explanation:

CastleNet Technology Inc.

2021 Business Report

Dear shareholders,

Thanks for the support to the company over the years. Due to COVID-19 outbreak is continuing to grow, the demand for broadband network products keeps on increasing by the changes of life and work patterns. However, the shortage of materials for important components has intensified, and the product delivery plan was forced to adjust, resulting in delayed or even non-delivery of orders received, making the overall operational performance is not as expected. Looking forward to 2022, we will continue to deeply cultivate the network communication industry, develop and sell diversified products to expand the business territory. Hereby, I would like to report the operating status in 2021 and the operating outlook in 2022 to all shareholders.

2021 Business Results

In 2021, our consolidated revenue increased NT\$397 million over 2020 to NT\$1.692 billion, with a net loss of NT\$150 million after tax and a loss of NT\$0.80 per share. From the manufacturing end to the overall supply chain system, the outbreak of COVID-19 epidemic has impacted all sectors of the economy on the world. Important components including main chips, memory, PCB, and passive components are severely lacking in materials, resulting in the failure of orders received, shipments, thus affecting the annual revenue and profit.

Despite the profits decline in 2021, we have made significant progress in new product development and business expansion. New tenders from the operators in South America for broadband network products, including Wi-Fi Mesh Router and Cable Modem, have been shipped in the first quarter of this year and generated the revenue. And the operational performance is expected to increase significantly over the previous year

2022 Business Plan

Looking ahead to 2022, as the COVID-19 epidemic continues to ravage the world, the uncertainty of the global economy and industry continues to increase, and the zero-touch business opportunities such as the home economy, remote office, and distance learning continue to grow, creating the vigorous development of smart technology, and also for

enterprises. The digital transformation and sustainable operation bring more unlimited possibilities. The demand for shipments of broadband network products has increased significantly, but the shortage of materials has not improved, and the annual revenue and profit are still variable. In response to this situation, we are working hard to adjust the strategies to accommodate the suppliers, optimize the product development plans, and reduce the order delays or even cancellations due to material shortages. On the other hand, actively communicate with the customers to understand customers' business plans, enhance order visibility, plan products as well as prepare raw materials in advance, share resources through group negotiation to reduce raw material costs, and create mutual benefits among group companies. In addition, with the popularization of 5G communications, the number of operators providing fixed wireless access (FWA) services is increasing, and the development of related products for fixed wireless access services will also become the main focus in 2022, and it is expected to contribute the revenue helpfully.

Business Outlook

CastleNet has been committed to the R&D design and sales of network communication products. By being proud of high-quality products and strong technical capabilities, we are continuing to consolidate the position in the field of netcom.

With excellent research and development capabilities as well as experience, stay on top of market demand, and in-depth understanding of customers' future new service operation plans, we are keeping on providing products and services that are closer to customer needs, consolidating market positions, and establishing the long-term and stable cooperation.

We have been committed to managing with integrity as our corporate governance principle, and ensuring the well development of the company. We are striving to enhance corporate value and shareholders' rights, pursue sustainable business development of the company, and become a world-class provider of complete broadband network solutions as our mission. Once again, here we sincerely appreciate your long-term support and encouragement for CastleNet. Lastly, we wish you a peaceful and prosperous year ahead.

Sincerely,

Chairman: Ying Chang

General Manager: Ying Chang

Accounting Manager: Li-Mei Wu

Report Items

Report No.2 2021 Audit Committee's Review Report

Explanation:

Audit Committee's Review Report

The 2021 Consolidated and Parent company only Financial Statements of the Company prepared by the Board have been audited by CPAs HSU, SHENG-CHUNG and WU, HAN-CHI of PricewaterhouseCoopers(PwC) Taiwan. These financial statements, along with the business report and deficit Compensation proposal, have been reviewed by us, as the audit committee of the Company. We deem that there are no discrepancies. Therefore, this report is presented in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for approval.

Sincerely,

CastleNet Technology Inc.

2022 Annual General Shareholders' Meeting

Convener of the Audit Committee: Chi-Ching, Fu

March 09, 2022

Ratification Items

Proposal 1. 2021 Business Report and Financial Statements

Explanation:

1. The 2021 Business Report and Financial Statements (including the Consolidated and Parent company only Financial Statements) of the Company have been prepared and adopted by resolution of the Board and then reviewed by the audit committee (the deficit compensation proposal is itemized in Ratification Item 2).
2. The business report, independent auditors' report, and consolidated financial statements (including parent company only financial statements) as detailed on pages 4-5 (Report No.1) and pages 22-46 (Attachment I) are attached for ratification.

(For details of notes to financial statements in Annex 1, please go to the website <http://mops.twse.com.tw/mops/web/index> "Market Observation Post System" → basic information → electronic book → financial statements → company code: 8059, year: 2021 → search → year of information: Q4 of 2021, detailed explanation of information: IFRSs consolidated financial statements, IFRSs standalone financial statement → inquiry)

Resolution:

Ratification Items

Proposal 2. 2021 Deficit Compensation Proposal

Explanation:

1. The Company's net loss after tax for 2021 was NT\$150,566,012. After adding back the actuarial gains of NT\$2,167,161 on the defined benefit plans, the accumulated losses at the end of 2021 was NT\$148,398,851.
2. The table of the Company's 2021 Deficit Compensation is proposed below for ratification:

CastleNet Technology Inc.

Table of 2021 Deficit Compensation

UNIT: NT\$

Accumulated undistributed earnings at the beginning of the period	0
Add: Net loss in 2021	(150,566,012)
Add: Retained earnings adjustments	
Actuarial gains on defined benefit plans	2,167,161
Accumulated deficits at the end of the period	(148,398,851)

Chairman:

YING, CHANG

General Manager:

YING, CHANG

Accounting Manager:

LI-MEI, WU

Resolution:

Discussion and Election Items

Proposal 1. Proposal to Partially Amend the Articles of Incorporation

Explanation:

In order to make the method for convening a shareholders' meeting more flexible and meet the requirements of Corporate Governance operations, it is proposed to partially amend the Articles of Incorporation. Please refer to the contrast table for related amended articles on page 47-48(Attachment II).

Resolution:

Discussion and Election Items

Proposal 2. Proposal to Partially Amend the Procedures for the Acquisition and Disposal of Assets

Explanation:

In accordance with the official document of the Financial Supervisory Commission R.O.C. (Taiwan) (letter No.: 金管證發字第 1110380465 號函), please refer to the contrast table for related amended articles on pages 49-57 (Attachment III).

Resolution:

Discussion and Election Items

Proposal 3. Proposal for the Company's re-election of Directors

Explanation:

1. The term of office of Directors will expire on June 23, 2022. Therefore, it is proposed to re-elect new directors.
2. In accordance with Article 17 and 17-3 of the Articles of Incorporation, it is proposed to elect nine directors (including three independent directors). Their term of office shall be three years from June, 27, 2022 to June, 26, 2025. The term of office of former directors will conclude on the date that the new directors elected at this Annual General Shareholders' Meeting are inaugurated.
3. Attached is the list of director candidates; please refer to the next page.
4. It is proposed to elect in accordance with the Rules for Elections of Directors. (For details on the Rules for Elections of Directors, please refer to pages 96-98 (Appendix IV).)

Election:

Resolution:

List of Director Candidates

Candidates position	Name	Number of Shares	Education	Major Experience	In-service	
Director	Representative of Kinpo Electronics, Inc.: YING, CHANG	129,958,907	Master,Business Administration, George Washington University, U.S.	Director, Allied Circuit Co., LTD.	Chairman	CastleNet Technology Inc. Hongyi optical Co., Ltd. Hong-Yi Materials and Products Corporation
Director	Representative of Kinpo Electronics, Inc.: CHIEH-LI, HSU	129,958,907	M.S., International Business, Waseda University, Japan	Chairman and General Manager, AcBel Polytech Inc.	Chairman	AcBel Electronic (Dong Guan) Co., Ltd. AcBel Electronic (Wuhan) Co., Ltd. Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd.
					Chairman and General Manager	Acbel Polytech (Philippines) Inc. AcBel Polytech Inc.
					Vice Chairman	Cal-Comp Electronics(Thailand) Public Company Limited
					Director and General Manager	Acbel (USA) Polytech Inc. Cal-comp Industria De Semicondutores S.A. Kinpo&Compal Group Assets Development Corporation
					Director	Acbel Polytech (Ireland) Limited AcBel Polytech (SAMOA) Investment Inc. Acbel Polytech (Singapore) Pte Ltd. Acbel Polytech (UK) Limited Acbel Polytech Holdings Inc. AcBel Polytech International Inc. AcBel Polytech Japan Inc. Cal-Comp Electronics (USA) Co., Ltd.

Candidates position	Name	Number of Shares	Education	Major Experience	In-service
					<p>Cal-Comp Electronics de Mexico Co. S.A. de C.V.</p> <p>Cal-Comp Holding (Brasil) S.A.</p> <p>Cal-Comp Precision (Malaysia) SDN. BHD.</p> <p>Cal-Comp USA (San Diego), Co., Inc.</p> <p>CK Holdings Inc.</p> <p>CSA Holdings Inc.</p> <p>Power Station Holdings Ltd.</p> <p>QBit Semiconductor Holding, Ltd.</p> <p>Target Gain Corporation</p> <p>XYZprinting, Inc.</p> <p>Compal Electronics, Inc.</p> <p>VesCir Ltd.</p> <p>MELVITA TAIWAN LTD.</p> <p>ARCE Therapeutics, Inc.</p> <p>Kinpo Electronics, Inc.</p> <p>Cal-Comp Precision Holding Co., Ltd.</p> <p>AcTel Power Co., Ltd.</p> <p>AcRay Energy Co., Ltd.</p> <p>AcTek Energy Co., Ltd.</p> <p>QBit Semiconductor Ltd.</p> <p>CastleNet Technology Inc.</p> <p>New Era AI Robotic Inc.</p> <p>NKG Advanced Intelligence and Technology Development (Yue Yang) Co., Ltd.</p> <p>Ray-Kwong Medical Management Consulting Co., Ltd.</p> <p>Raypal Biomedical Co., Ltd.</p>

Candidates position	Name	Number of Shares	Education	Major Experience	In-service	
						The Eslite Spectrum Corporation LIZ Electronics (Nantong) Co., Ltd. Cal-Comp Big Data, Inc.
					Independent Director	Winbond Electronics Corporation Nuvoton Technology Corporation
					Supervisor	Teleport Access Services, Inc. Kinpo Group Management Consultant Company Full Power Investment Co., Ltd
					Vice Chairman	Taiwan Electrical and Electronic Manufacturers' Association.
					Director	Importers and Exporters Association of Taipei
					Executive Director	Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd. Chongqing Kanghua Metal Product Co., Ltd.
					Chief Strategy Officer	Cal-Comp Electronics And communications Co., Ltd.
Director	Representative of Kinpo Electronics, Inc.: WEI-YANG, HSU	129,958,907	B.S., Navigation, Taipei College of Maritime Technology	Director, Kinpo Electronics, Inc.	Director	Power Station Holdings Ltd. Kinpo Electronics, Inc. Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd.
Director	Representative of Kinpo Electronics, Inc.:	129,958,907	M.B.A., Pacific Western University	Director and General Manager, NKG Advanced Intelligence and	Director and General Manager	CastleNet Technology Inc (Kunshan). NKG Advanced Intelligence and Technology Development (Yue Yang) Co., Ltd.

Candidates position	Name	Number of Shares	Education	Major Experience	In-service	
	YU-HUI, HUANG			Technology Development (Yue Yang) Co., Ltd.	Director	XYZprinting (suzhou) Co., Ltd. ICKP (Beijing) Technology Development Co., Ltd. Dongguan Kaipo Electronics Co., Ltd. Kinpo Electronics, Inc. Cal-Comp Optical Electronics (Yueyang) Co., Ltd. Cal-Comp Optical Electronics (Suzhou) Co., Ltd. Cal-Comp Technology (Suzhou) Co., Ltd. Cal-Comp Electronics and Communications (Suzhou) Co., Ltd. Cal-Comp Precision (Yueyang) Co., Ltd. Cal-Comp Precision (Dongguan) Co., Ltd XYZprinting (Shanghai) cloud technology Co., Ltd.
					Vice General Manager	Kinpo Electronics (China) Co., Ltd.
Director	Representative of Kinpo Electronics, Inc.: TAI-CHANG, CHIANG	129,958,907	M.B.A., Pacific Western University	Director, Cal-Comp Electronics(Thailand) Public Company Limited Director and General Manager, Dongguan Kaipo Electronics Co., Ltd.	Director and General Manager	Dongguan Kaipo Electronics Co., Ltd.
					Director	Cal-Comp Precision (Malaysia) SDN. BHD. Cal-Comp Precision (Singapore) Limited Cal-Comp Precision (Thailand) Limited QBit Semiconductor Holding, Ltd. XYZprinting, Inc. Cal-Comp Optical Electronics (Yueyang) Co., Ltd.

Candidates position	Name	Number of Shares	Education	Major Experience	In-service	
						Cal-Comp Electronics(Thailand) Public Company Limited QBit Semiconductor Ltd. CastleNet Technology Inc.
Director	Representative of Kinpo Electronics, Inc.: WEN-HAN, HSU	129,958,907	M.S., National Taiwan University	Company Secretary, Kinpo Electronics, Inc.	Director	Teleport Access Services, Inc. CastleNet Technology Inc (Kunshan). CastleNet Technology Inc.
					Supervisor	ICKP (Beijing) Technology Development Co., Ltd. Cal-Comp Optical Electronics (Yueyang) Co., Ltd. Cal-Comp Precision (Yueyang) Co., Ltd.
					Supervisor	Shanghai Chuang Ge Education Technology Co., Ltd. Dongguan Kaipo Electronics Co., Ltd. Kinpo Electronics (China) Co., Ltd. Cal-Comp Optical Electronics (Suzhou) Co., Ltd. Cal-Comp Technology (Suzhou) Co., Ltd. Cal-Comp Electronics and Communications (Suzhou) Co., Ltd. QBit Semiconductor Ltd. New Era AI Robotic Inc.
					Company Secretary	Kinpo Electronics, Inc.
Independent Director	CHI-CHING, FU	0	B.A., Department of Public Administration,	General Manager, Alibaba.com Hong Kong Limited, Taiwan Branch (HK)	Chairman	e-Force Taiwan Co., Ltd. Double Flourish Investment Co., Ltd.
					Independent Director	Lukas Biomedical Inc. CastleNet Technology Inc.

Candidates position	Name	Number of Shares	Education	Major Experience	In-service	
			National Chengchi University		Chairman	Taiwan Industrial Internet Council
Independent Director	CHIEN-WEN, TSAI	0	B.S., Department of Industrial and Systems Engineering, Chung Yuan Christian University	Independent Director, Cen Link Co., Ltd.	Independent Director	Cen Link Co., Ltd.
Independent Director	SHENG-HAUR, HSU	0	Oklahoma State University	Chairman, Costar Electronics Inc. Chairman, Ours Technology Inc.	Chairman	Costar Electronics Inc. Ours Technology Inc.
					Director	Panram International Corporation
					Director	Taipei Computer Association

Discussion and Election Items

Proposal 4. Proposal to release Directors from non-competition restrictions

Explanation:

1. In accordance with Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. In view that the directors might operate their business within the company's business scopes that are similar to the Company's, it is proposed that the Shareholders' Meeting approves to release Directors from non-competition restrictions on the premise that directors do not conflict with the Company's interests.
3. For competitive behavior in relation to the Company's director (including independent director) candidates, please refer to pages 58-61 (Attachment IV). The lifted object is subject to actual electing directors (including independent directors).

Resolution:

Extemporaneous Motion

Adjournment

3. Attachments

2021 PARENT COMPANY ONLY AND CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of CastleNet Technology Inc.

Opinion

We have audited the accompanying parent company only balance sheets of CastleNet Technology Inc. (the "Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, 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 generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 parent company only 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.

The key audit matters for the Company's 2021 parent company only financial statements are outlined as follows:

Existence of sales revenue

Description

Refer to Note 4(27) for accounting policies on revenue recognition.

The Company is primarily engaged in the research, development, manufacturing and sales of consumer electronics products such as broadband communications and digital home entertainment. In addition to Europe, America, Japan, and South Korea, the main sales areas also include emerging economic regions such as Asia, Africa, and South America, and most of the customers are regional companies. Thus, the existence and occurrence of sales revenue are the main focus when performing our audit. Given that the sales revenue is material to the financial statements, we considered the existence of sales revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Performed tests of controls on credit investigation of new customers during the year, performed tests of controls on sales revenue for relevant assertions related to existence and occurrence of sales transactions to increase assurance level, and verified the consistency of accounting records, supporting documents and collection records.
2. Performed confirmation procedures on sales counterparties for accounts receivable balances, tracked replies, and verified the consistency of confirmation response, accounting records, and customers' information.
3. Sampled and tested sales transactions, by verifying and agreeing the related sales orders and delivery notes to accounting records.

Allowance for valuation of inventory loss

Description

Refer to Note 4(10) for the accounting policies on valuation of inventories, Note 5 for uncertainty of accounting estimates and assumptions on inventory valuation and Note 6(4) for the details of the inventories. As of December 31, 2021, the inventories and allowance for valuation loss amounted to NT\$273,249 thousand and NT\$9,830 thousand, respectively. The Company is entrusted to manufacture consumer electronics products such as broadband communications and digital home entertainment according to customers' needs. As these types of electronics products and related inventories are especially susceptible to rapid technological changes, product specification changes and other market factors, there is a higher risk of inventories losing value or becoming obsolete. The Company measures inventories at the lower of cost and net realisable value. For inventories that are over a certain age and individually identified as obsolete, the net realisable value is determined based on historical data on inventory clearance and discount.

Given that the amount of inventory is material, inventory items are voluminous, and determination of net realisable value of inventories that are individually identified as obsolete or damaged rely on management's subjective judgement, we considered the estimation of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the allowance for valuation loss on inventories that are over a certain age and individually identified as obsolete or damaged:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses in the reporting period and assessed the reasonableness of these policies.
2. Validated the appropriateness of system logic of inventory aging report utilised by management to ensure proper classification of inventories aged over a certain period of time.
3. Evaluated the reasonableness of inventories individually identified by management as obsolete or damaged with supporting documents, and agreed to information obtained from physical inventory.
4. Discussed with management the net realisable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents and reperformed the calculation and agreed it to management's assessment.

Valuation of non-current financial assets at fair value through profit or loss

Description

Refer to Note 4(6) for the accounting policies on financial assets at fair value through profit or loss – non-current and Note 6(2) for the details of financial assets at fair value through profit or loss – non-current. As of December 31, 2021, the balance of non-current financial assets at fair value through profit or loss amounted to NT\$1,455,382 thousand, constituting 53% of the parent company only total assets. As the non-current financial assets at fair value through profit or loss accounted for a significant portion of the parent company only financial statements, and the risk of fair value measurement of such financial assets is likely to increase due to the market competition and economic climate, the Company adopted expert appraisal reports to estimate the fair value based on market prices after taking into account the above factors.

Given that many of the above estimates rely on the management's subjective judgement, which may result in inappropriate accounting estimates, we considered the valuation of non-current financial assets at fair value through profit or loss obtained during the year a key audit matter.

How our audit addressed the matter

We used the appraiser's work in the assessment of measurement method used by management and the reasonableness of assumptions on the above key audit matter, and we performed the following procedures:

1. Obtained an understanding and assessed the related policies and valuation procedures on the fair value measurement and disclosure of financial assets at fair value through profit or loss – non-current to determine whether the measurement method used is commonly adopted in the industry and environment and considered appropriate.
2. Examined the parameters and the formula of valuation model, and reviewed information and documents in respect of the relevance and the reliability of data source.
3. Performed confirmation procedures with the issuance company to verify the number of units at year end, rights and obligations and other specific terms and conditions of the investment target.

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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, 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 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 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 generally accepted auditing standards in 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 generally accepted auditing standards in 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 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 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 Company'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 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 auditor's 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 auditor's 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 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 parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's 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.

Hsu, Sheng-Chung

PricewaterhouseCoopers, Taiwan

March 9, 2022

Wu, Han-Chi

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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.

CASTLENET TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current assets					
1100	Cash and cash equivalents	\$ 112,476	4	\$ 255,156	10
1170	Accounts receivable, net	708,746	26	347,332	14
1200	Other receivables	44,595	2	71,512	3
130X	Inventory	263,419	10	38,168	1
1479	Other current assets	35,091	1	3,278	-
11XX	Total current assets	<u>1,164,327</u>	<u>43</u>	<u>715,446</u>	<u>28</u>
Non-current assets					
1510	Non-current financial assets at				
	fair value through profit or loss	1,455,382	53	1,479,555	58
1550	Investments accounted for				
	under equity method	39,527	2	275,218	11
1600	Property, plant and equipment	29,368	1	22,044	1
1755	Right-of-use assets	8,050	-	11,026	1
1780	Intangible assets	446	-	1,042	-
1840	Deferred income tax assets	2,988	-	7,822	-
1920	Guarantee deposits paid	14,764	1	15,590	1
1990	Other non-current assets	9,189	-	6,893	-
15XX	Total non-current assets	<u>1,559,714</u>	<u>57</u>	<u>1,819,190</u>	<u>72</u>
1XXX	Total assets	<u>\$ 2,724,041</u>	<u>100</u>	<u>\$ 2,534,636</u>	<u>100</u>

(Continued)

CASTLENET TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Liabilities					
Current liabilities					
2100	Short-term borrowings	\$ 66,000	2	\$ -	-
2130	Current contract liabilities	20,202	1	9,886	-
2170	Accounts payable	24,113	1	49,344	2
2180	Accounts payable - related parties	694,579	25	427,657	17
2200	Other payables	52,755	2	38,692	2
2280	Current lease liabilities	3,106	-	3,047	-
2399	Other current liabilities	1,082	-	1,101	-
21XX	Total current liabilities	<u>861,837</u>	<u>31</u>	<u>529,727</u>	<u>21</u>
Non-current liabilities					
2570	Deferred income tax liabilities	2,988	-	7,822	-
2580	Non-current lease liabilities	5,325	-	8,432	1
2600	Net defined benefit liability non-current	11,515	1	5,606	-
25XX	Non-current liabilities	<u>19,828</u>	<u>1</u>	<u>21,860</u>	<u>1</u>
2XXX	Total liabilities	<u>881,665</u>	<u>32</u>	<u>551,587</u>	<u>22</u>
Equity					
Share capital					
3110	Common stock	1,886,180	69	1,886,180	74
Capital surplus					
3200	Capital surplus	130,696	5	127,610	5
Retained earnings					
3310	Legal reserve	18,969	1	18,969	1
3350	Accumulated deficit	(148,399)	(5)	(4,952)	-
Other equity interest					
3400	Other equity interest	(45,070)	(2)	(44,758)	(2)
3XXX	Total equity	<u>1,842,376</u>	<u>68</u>	<u>1,983,049</u>	<u>78</u>
Significant events after the balance sheet date					
3X2X	Total liabilities and equity	<u>\$ 2,724,041</u>	<u>100</u>	<u>\$ 2,534,636</u>	<u>100</u>

CASTLENET TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

Items	Year ended December 31			
	2021		2020	
	AMOUNT	%	AMOUNT	%
4000 Sales revenue	\$ 1,692,313	100	\$ 1,295,149	100
5000 Operating costs	(1,671,999)	(99)	(1,199,787)	(93)
5900 Net operating margin	20,314	1	95,362	7
Operating expenses				
6100 Selling expenses	(21,717)	(1)	(11,735)	(1)
6200 General and administrative expenses	(54,378)	(3)	(60,966)	(5)
6300 Research and development expenses	(93,665)	(6)	(70,679)	(5)
6000 Total operating expenses	(169,760)	(10)	(143,380)	(11)
6900 Operating loss	(149,446)	(9)	(48,018)	(4)
Non-operating income and expenses				
7100 Interest income	162	-	316	-
7010 Other income	1,228	-	1,524	-
7020 Other gains and losses	(2,715)	-	58,510	4
7050 Finance costs	(716)	-	(762)	-
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method, net	921	-	(19,079)	(1)
7000 Total non-operating income and expenses	(1,120)	-	40,509	3
7900 Loss before income tax	(150,566)	(9)	(7,509)	(1)
7950 Income tax expense	-	-	-	-
8200 Loss for the year	(\$ 150,566)	(9)	(\$ 7,509)	(1)
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Actuarial gains on defined benefit plans	\$ 2,167	-	\$ 2,557	-
Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation	(312)	-	3,694	1
8300 Other comprehensive income for the year, net of tax	\$ 1,855	-	\$ 6,251	1
8500 Total comprehensive income for the year	(\$ 148,711)	(9)	(\$ 1,258)	-
Loss per share				
9750 Basic loss per share	(\$ 0.80)		(\$ 0.04)	
9850 Diluted loss per share	(\$ 0.80)		(\$ 0.04)	

CastleNet Technology Inc.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Capital Reserves				Retained Earnings		Financial statements translation differences of foreign operations	Total equity
	Share capital - common stock	Total capital surplus, additional paid-in capital	Employee stock warrants	Capital surplus, others	Legal reserve	Accumulated deficit		
<u>Year ended December 31, 2020</u>								
Balance at January 1, 2020	\$ 1,886,180	\$ 351,850	\$ 4,606	\$ -	\$ 18,969	(\$ 236,402)	(\$ 48,452)	\$ 1,976,751
Loss for the year	-	-	-	-	-	(7,509)	-	(7,509)
Other comprehensive income	-	-	-	-	-	2,557	3,694	6,251
Total comprehensive income (loss)	-	-	-	-	-	(4,952)	3,694	(1,258)
Capital surplus used to cover accumulated deficit	-	(236,402)	-	-	-	236,402	-	-
Employee share options	-	-	5,094	-	-	-	-	5,094
Share-based payments	-	(4,994)	4,994	-	-	-	-	-
Overdue dividends unclaimed by shareholders	-	-	-	2,462	-	-	-	2,462
Balance at December 31, 2020	\$ 1,886,180	\$ 110,454	\$ 14,694	\$ 2,462	\$ 18,969	(\$ 4,952)	(\$ 44,758)	\$ 1,983,049
<u>Year ended December 31, 2021</u>								
Balance at January 1, 2021	\$ 1,886,180	\$ 110,454	\$ 14,694	\$ 2,462	\$ 18,969	(\$ 4,952)	(\$ 44,758)	\$ 1,983,049
Loss for the year	-	-	-	-	-	(150,566)	-	(150,566)
Other comprehensive income (loss)	-	-	-	-	-	2,167	(312)	1,855
Total comprehensive income	-	-	-	-	-	(148,399)	(312)	(148,711)
Capital surplus used to cover accumulated deficit	-	(4,952)	-	-	-	4,952	-	-
Employee share options	-	-	7,705	-	-	-	-	7,705
Share-based payments	-	(3,162)	3,162	-	-	-	-	-
Overdue dividends unclaimed by shareholders	-	-	-	337	-	-	-	337
Overdue dividends reclaimed by shareholders	-	-	-	(21)	-	-	-	(21)
Others	-	-	-	17	-	-	-	17
Balance at December 31, 2021	\$ 1,886,180	\$ 102,340	\$ 25,561	\$ 2,795	\$ 18,969	(\$ 148,399)	(\$ 45,070)	\$ 1,842,376

CastleNet Technology Inc.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(\$ 150,566)	(\$ 7,509)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	14,558	19,402
Amortization	596	603
Loss (gain) on expected credit impairment	268 (	173)
Employee share options	7,705	5,094
Interest income	(162 ) (	316)
Interest expense	716	762
Share of (profit) loss of subsidiaries accounted for under equity method	(921)	19,079
Gain on financial assets at fair value through profit or loss	(1,209 ) (	66,784)
Loss on disposal of property, plant and equipment	-	2,763
Cost of provisions	7,819	2,854
Changes in operating assets and liabilities		
Changes in operating assets		
Accounts receivable	(361,682)	524,293
Other receivables	8,456 (	6,774)
Inventory	(225,251)	112,126
Other current assets	(31,812)	15,097
Other non-current assets	(129)	-
Changes in operating liabilities		
Accounts payable	(25,231)	26,543
Accounts payable to related parties	266,922 (	559,021)
Other payables	12,203 (	5,635)
Current contract liabilities	10,316	9,886
Other current liabilities	(19)	587
Other non-current liabilities	(1,651)	-
Cash (outflow) inflow generated from operations	(469,074)	92,877
Interest paid	(678 ) (	793)
Income taxes received	137	16
Income taxes paid	(9 ) (	12)
Net cash flows (used in) from operating activities	(469,624)	92,088
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in receivables from raw material purchases on behalf of others	19,353 (	64,339)
Acquisition of property, plant and equipment	(17,344 ) (	9,252)
Disposal of property, plant and equipment	-	32,336
Acquisition of intangible assets	- (	879)
Decrease in guarantee deposits paid	826	4,898
Interest received	25,544	27,995
Capital reduction of subsidiaries accounted for under equity method	235,280	-
Net cash flows from (used in) investing activities	263,659 (	9,241)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	66,000	-
Repayments of short-term borrowings	- (	90,598)
Repayment of leasing principal	(3,048 ) (	5,539)
Overdue dividends unclaimed by shareholders	337	2,462
Increase in guarantee deposits received	-	1,104
Others	(4)	-
Net cash flows from (used in) financing activities	63,285 (	92,571)
Net decrease in cash and cash equivalents	(142,680 ) (	9,724)
Cash and cash equivalents at beginning of year	255,156	264,880
Cash and cash equivalents at end of year	\$ 112,476	\$ 255,156

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of CastleNet Technology Inc.

Opinion

We have audited the accompanying consolidated balance sheets of CastleNet Technology Inc. and its subsidiaries (the "Group") as at December 31, 2021 and 2020, 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, 2021 and 2020, 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 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 generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's 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 in 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 2021 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.

The key audit matters for the Group's 2021 consolidated financial statements are outlined as follows:

Existence of sales revenue

Description

Refer to Note 4(28) for accounting policies on revenue recognition.

The Group is primarily engaged in the research, development, manufacturing and sales of consumer electronics products such as broadband communications and digital home entertainment. In addition to Europe, America, Japan, and South Korea, the main sales areas also include emerging economic regions such as Asia, Africa, and South America, and most of the customers are regional companies. Thus, the existence and occurrence of sales revenue are the main focus when performing our audit. Given that the sales revenue is material to the financial statements, we considered the existence of sales revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Performed tests of controls on credit investigation of new customers during the year, performed tests of controls on sales revenue for relevant assertions related to existence and occurrence of sales transactions to increase assurance level, and verified the consistency of accounting records, supporting documents and collection records.
2. Performed confirmation procedures on sales counterparties for accounts receivable balances, tracked replies, and verified the consistency of confirmation response, accounting records, and customers' information.
3. Sampled and tested sales transactions, by verifying and agreeing the related sales orders and delivery notes to accounting records.

Allowance for valuation of inventory loss

Description

Refer to Note 4(11) for the accounting policies on valuation of inventories, Note 5(2) for uncertainty of accounting estimates and assumptions on inventory valuation and Note 6(4) for the details of the inventories. As of December 31, 2021, the inventories and allowance for valuation loss amounted to NT\$273,249 thousand and NT\$9,830 thousand, respectively. The Group is entrusted to manufacture consumer electronics products such as broadband communications and digital home entertainment according to customers' needs. As these types of electronics products and related inventories are especially susceptible to rapid technological changes, product specification changes and other market factors, there is a higher risk of inventories losing value or becoming obsolete. The Group measures inventories at the lower of cost and net realisable value. For inventories that are over a certain age and individually identified as obsolete, the net realisable value is determined based on historical data on inventory clearance and discount.

Given that the amount of inventory is material, inventory items are voluminous, and determination of net realisable value of inventories that are individually identified as obsolete or damaged rely on management's subjective judgement, we considered the estimation of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the allowance for valuation loss on inventories that are over a certain age and individually identified as obsolete or damaged:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses in the reporting period and assessed the reasonableness of these policies.
2. Validated the appropriateness of system logic of inventory aging report utilised by management to ensure proper classification of inventories aged over a certain period of time.
3. Evaluated the reasonableness of inventories individually identified by management as obsolete or damaged with supporting documents, and agreed to information obtained from physical inventory.
4. Discussed with management the net realisable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents and reperformed the calculation and agreed it to management's assessment.

Valuation of non-current financial assets at fair value through profit or loss

Description

Refer to Note 4(7) for the accounting policies on financial assets at fair value through profit or loss – non-current and Note 6(2) for the details of financial assets at fair value through profit or loss – non-current. As of December 31, 2021, the balance of financial assets at fair value through profit or loss - non-current amounted to NT\$1,455,382 thousand, constituting 54% of the consolidated total assets. As the non-current financial assets at fair value through profit or loss accounted for a significant portion of the consolidated financial statements, and the risk of fair value measurement of such financial assets is likely to increase due to the market competition and economic climate, the Group adopted expert appraisal reports to estimate the fair value based on market prices after taking into account the above factors.

Given that many of the above estimates rely on the management's subjective judgement, which may result in inappropriate accounting estimates, we considered the valuation of non-current financial assets at fair value through profit or loss obtained during the year a key audit matter.

How our audit addressed the matter

We used the appraiser's work in the assessment of measurement method used by management and the reasonableness of assumptions on the above key audit matter, and we performed the following procedures:

1. Obtained an understanding and assessed the related policies and valuation procedures on the fair value measurement and disclosure of financial assets at fair value through profit or loss – non-current to determine whether the measurement method used is commonly adopted in the industry and environment and considered appropriate.
2. Examined the parameters and the formula of valuation model, and reviewed information and documents in respect of the relevance and the reliability of data source.
3. Performed confirmation procedures with the issuance company to verify the number of units at year end, rights and obligations and other specific terms and conditions of the investment target.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements

of CastleNet Technology Inc. as at and for the years ended December 31, 2021 and 2020.

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 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 audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 generally accepted auditing standards in 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 generally accepted auditing standards in 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 auditor's 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 auditor's 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 for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's 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.

Hsu, Sheng-Chung

Wu, Han-Chi

PricewaterhouseCoopers, Taiwan

March 9, 2022

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.

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current assets					
1100	Cash and cash equivalents	\$ 152,255	5	\$ 278,067	11
1170	Accounts receivable, net	708,746	26	347,332	14
1200	Other receivables	44,596	2	71,512	3
130X	Inventory	263,419	10	38,168	1
1460	Non-current assets or disposal groups classified as held for sale, net	-	-	245,771	10
1479	Other current assets	35,228	1	10,608	-
11XX	Total current assets	<u>1,204,244</u>	<u>44</u>	<u>991,458</u>	<u>39</u>
Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	1,455,382	54	1,479,555	58
1600	Property, plant and equipment	29,368	1	22,044	1
1755	Right-of-use assets	8,050	-	11,026	1
1780	Intangible assets	446	-	1,544	-
1840	Deferred income tax assets	2,988	-	7,822	-
1920	Guarantee deposits paid	14,764	1	15,590	1
1990	Other non-current assets	9,189	-	6,893	-
15XX	Total non-current assets	<u>1,520,187</u>	<u>56</u>	<u>1,544,474</u>	<u>61</u>
1XXX	Total assets	<u>\$ 2,724,431</u>	<u>100</u>	<u>\$ 2,535,932</u>	<u>100</u>

(Continued)

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Liabilities					
Current liabilities					
2100	Short-term borrowings	\$ 66,000	2	\$ -	-
2130	Current contract liabilities	20,202	1	9,886	-
2170	Accounts payable	24,113	1	49,344	2
2180	Accounts payable - related parties	694,579	25	427,657	17
2200	Other payables	53,145	2	39,986	2
2280	Current lease liabilities	3,106	-	3,047	-
2399	Other current liabilities	1,082	-	1,103	-
21XX	Total current liabilities	<u>862,227</u>	<u>31</u>	<u>531,023</u>	<u>21</u>
Non-current liabilities					
2570	Deferred income tax liabilities	2,988	-	7,822	-
2580	Non-current lease liabilities	5,325	-	8,432	1
2600	Net defined benefit liability - non-current	11,515	1	5,606	-
25XX	Total non-current liabilities	<u>19,828</u>	<u>1</u>	<u>21,860</u>	<u>1</u>
2XXX	Total liabilities	<u>882,055</u>	<u>32</u>	<u>552,883</u>	<u>22</u>
Equity					
Equity attributable to owners of parent					
Share capital					
3110	Common stock	1,886,180	69	1,886,180	74
Capital surplus					
3200	Capital surplus	130,696	5	127,610	5
Retained earnings					
3310	Legal reserve	18,969	1	18,969	1
3350	Accumulated deficit	(148,399)	(5)	(4,952)	-
Other equity interest					
3400	Other equity interest	(45,070)	(2)	(44,758)	(2)
31XX	Equity attributable to owners of the parent	<u>1,842,376</u>	<u>68</u>	<u>1,983,049</u>	<u>78</u>
3XXX	Total equity	<u>1,842,376</u>	<u>68</u>	<u>1,983,049</u>	<u>78</u>
Significant events after the balance sheet date					
3X2X	Total liabilities and equity	<u>\$ 2,724,431</u>	<u>100</u>	<u>\$ 2,535,932</u>	<u>100</u>

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

Items	Year ended December 31			
	2021		2020	
	AMOUNT	%	AMOUNT	%
4000 Sales revenue	\$ 1,692,313	100	\$ 1,295,230	100
5000 Operating costs	(1,671,999)	(99)	(1,199,499)	(93)
5950 Net operating margin	20,314	1	95,731	7
Operating expenses				
6100 Selling expenses	(21,717)	(1)	(11,735)	(1)
6200 General and administrative expenses	(60,539)	(4)	(78,832)	(6)
6300 Research and development expenses	(93,665)	(5)	(70,679)	(5)
6000 Total operating expenses	(175,921)	(10)	(161,246)	(12)
6900 Operating loss	(155,607)	(9)	(65,515)	(5)
Non-operating income and expenses				
7100 Interest income	2,207	-	628	-
7010 Other income	1,282	-	1,525	-
7020 Other gains and losses	2,268	-	56,615	4
7050 Finance costs	(716)	-	(762)	-
7000 Total non-operating income and expenses	5,041	-	58,006	4
7900 Loss before income tax	(150,566)	(9)	(7,509)	(1)
7950 Income tax (expense) benefit	-	-	-	-
8200 Loss for the year	(\$ 150,566)	(9)	(\$ 7,509)	(1)
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Actuarial gains on defined benefit plans	\$ 2,167	-	\$ 2,557	-
Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation	(312)	-	3,694	1
8300 Other comprehensive income for the year, net of tax	\$ 1,855	-	\$ 6,251	1
8500 Total comprehensive loss for the year	(\$ 148,711)	(9)	(\$ 1,258)	-
Loss attributable to:				
8610 Owners of the parent	(\$ 150,566)	(9)	(\$ 7,509)	(1)
Comprehensive loss attributable to:				
8710 Owners of the parent	(\$ 148,711)	(9)	(\$ 1,258)	-
Loss per share				
9750 Basic loss per share	(\$ 0.80)		(\$ 0.04)	
9850 Diluted loss per share	(\$ 0.80)		(\$ 0.04)	

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							
	Capital surplus				Retained earnings		Exchange differences on translation of foreign financial statements	Total equity
	Share capital - common stock	Additional paid-in capital	Employee stock options	Capital surplus, others	Legal reserve	Accumulated deficit		
<u>Year ended December 31, 2020</u>								
Balance at January 1, 2020	\$ 1,886,180	\$ 351,850	\$ 4,606	\$ -	\$ 18,969	(\$ 236,402)	(\$ 48,452)	\$ 1,976,751
Loss for the year	-	-	-	-	-	(7,509)	-	(7,509)
Other comprehensive income	-	-	-	-	-	2,557	3,694	6,251
Total comprehensive income (loss)	-	-	-	-	-	(4,952)	3,694	(1,258)
Capital surplus used to cover accumulated deficit	-	(236,402)	-	-	-	236,402	-	-
Employee share options	-	-	5,094	-	-	-	-	5,094
Share-based payments	-	(4,994)	4,994	-	-	-	-	-
Overdue dividends unclaimed by shareholders	-	-	-	2,462	-	-	-	2,462
Balance at December 31, 2020	\$ 1,886,180	\$ 110,454	\$ 14,694	\$ 2,462	\$ 18,969	(\$ 4,952)	(\$ 44,758)	\$ 1,983,049
<u>Year ended December 31, 2021</u>								
Balance at January 1, 2021	\$ 1,886,180	\$ 110,454	\$ 14,694	\$ 2,462	\$ 18,969	(\$ 4,952)	(\$ 44,758)	\$ 1,983,049
Loss for the year	-	-	-	-	-	(150,566)	-	(150,566)
Other comprehensive income (loss)	-	-	-	-	-	2,167	(312)	1,855
Total comprehensive income	-	-	-	-	-	(148,399)	(312)	(148,711)
Capital surplus used to cover accumulated deficit	-	(4,952)	-	-	-	4,952	-	-
Employee share options	-	-	7,705	-	-	-	-	7,705
Share-based payments	-	(3,162)	3,162	-	-	-	-	-
Overdue dividends unclaimed by shareholders	-	-	-	337	-	-	-	337
Overdue dividends reclaimed by shareholders	-	-	-	(21)	-	-	-	(21)
Others	-	-	-	17	-	-	-	17
Balance at December 31, 2021	\$ 1,886,180	\$ 102,340	\$ 25,561	\$ 2,795	\$ 18,969	(\$ 148,399)	(\$ 45,070)	\$ 1,842,376

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Loss before tax	(\$ 150,566)	(\$ 7,509)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	14,558	26,269
Amortization	1,087	755
Loss (gain) on expected credit impairment	268	(173)
Employee share options	7,705	5,094
Interest income	(2,207)	(628)
Interest expense	716	762
Impairment loss on non-current assets held for sale	-	4,089
Loss on disposal of property, plant and equipment	-	651
Gain on disposal of non-current assets held for sale	(20,896)	-
Gain on financial assets at fair value through profit or loss	(1,209)	(66,784)
Cost of provisions	7,819	2,854
Changes in operating assets and liabilities		
Changes in operating assets		
Accounts receivable	(361,682)	524,293
Other receivables	7,436	(7,015)
Inventory	(225,251)	112,126
Other current assets	(24,780)	9,191
Other non-current assets	(129)	-
Changes in operating liabilities		
Current contract liabilities	10,316	9,886
Accounts payable	(25,231)	26,543
Accounts payable to related parties	266,922	(559,021)
Other payables	11,581	(5,631)
Other current liabilities	(21)	588
Other non-current liabilities	(1,651)	-
Cash (outflow) inflow generated from operations	(485,215)	76,340
Interest paid	(678)	(793)
Income taxes received	137	16
Income taxes paid	(9)	(12)
Net cash flows (used in) from operating activities	(485,765)	75,551
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Decrease (increase) in receivables from raw materials purchases on behalf of others	19,353	(64,339)
Acquisition of property, plant and equipment	(17,344)	(9,252)
Disposal of property, plant and equipment	-	32,508
Disposal of non-current assets held for sale	266,333	-
Acquisition of intangible assets	-	(879)
Decrease in guarantee deposits paid	826	4,907
Interest received	27,560	28,319
Net cash flows from (used in) investing activities	296,728	(8,736)

(Continued)

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term borrowings	\$ 66,000	\$ -
Repayments of short-term borrowings	-	(90,598)
Repayment of leasing principal	(3,048)	(5,539)
Overdue dividends unclaimed by shareholders	337	2,462
Others	(4)	-
Increase in guarantee deposits received	<u>-</u>	<u>1,071</u>
Net cash flows from (used in) financing activities	<u>63,285</u>	<u>(92,604)</u>
Effect of exchange rate changes	(<u>60</u>)	<u>331</u>
Net decrease in cash and cash equivalents	(125,812)	(25,458)
Cash and cash equivalents at beginning of year	<u>278,067</u>	<u>303,525</u>
Cash and cash equivalents at end of year	<u>\$ 152,255</u>	<u>\$ 278,067</u>

Attachment II

CastleNet Technology Inc. Articles of Incorporation Amendments

Amended content	Original content	Reason
<p><u>Article 10-1:</u> <u>The Company's Shareholders'</u> <u>meeting can be held by means of</u> <u>visual communication network or</u> <u>other methods promulgated by the</u> <u>central competent authority.</u></p>	(None)	In accordance with Paragraph 1, Article 172-2, "A company may explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority."
<p>Article 17: <u>5-15</u> directors are appointed in the Company. They will be elected and appointed by the shareholders' meeting from competent personnel. Candidate nomination system is adopted and shareholders shall be elected and appointed from the list of candidates with tenure of three years. The shareholders can be consecutively elected and appointed.</p> <p>The total shares held by all the preceding directors shall be handled according to the</p>	<p>Article 17: <u>7-9</u> directors are appointed in the Company. They will be elected and appointed by the shareholders' meeting from competent personnel. Candidate nomination system is adopted and shareholders shall be elected and appointed from the list of candidates with tenure of three years. The shareholders can be consecutively elected and appointed.</p>	In order to meet the requirements of Corporate Governance operations, it is necessary to amend the range of the number of directors.

Amended content	Original content	Reason
provisions of securities administrative authority.	The total shares held by all the preceding directors shall be handled according to the provisions of securities administrative authority.	
Article 29: The Articles of Incorporation were first formulated on June 8, 1998. The first to seventh are omitted. <u>The eighth amendment was on June 27, 2022.</u>	Article 29: The Articles of Incorporation were first formulated on June 8, 1998. The first to seventh are omitted.	Added revision date.

Attachment III

CastleNet Technology Inc. The Procedures for Acquisition and Disposal of Assets Amendments

Amended content	Original content	Reason
<p>Article 2: Scope and Definition (Omit Paragraph 1 to 7.)</p> <p>8. Professional appraisers and their officers, public accounts, attorneys, and securities underwriters commissioned by the Company shall meet the following requirements <u>and comply with the self-regulatory rules of the industry associations to which they belong:</u></p> <p>(Omit the following.)</p>	<p>Article 2: Scope and Definition (Omit Paragraph 1 to 7.)</p> <p>8. Professional appraisers and their officers, public accounts, attorneys, and securities underwriters commissioned by the Company shall meet the following requirements:</p> <p>(Omit the following.)</p>	<p>Pursuant to the official document of the Financial Supervisory Commission R.O.C. (Taiwan) (letter No. 金管證發字第 1110380465 號 函), external experts shall comply with the self-regulatory rules of the industry associations to which they belong.</p>
<p>Article 8: Disposition Procedures for Related Party Transaction (Omitted Paragraph 1.) (Omitted subparagraph (1) to (7), Paragraph 2.)</p> <p><u>(8) If the company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2</u></p>	<p>Article 8: Disposition Procedures for Related Party Transaction (Omitted Paragraph 1.) (Omitted subparagraph (1) to (7), Paragraph 2.)</p>	<p>In order to protect the rights and interests of shareholders, the management of related party transactions shall be strengthened.</p>

Amended content	Original content	Reason
<p><u>and the transaction amount will reach 10 percent or more of the public company's total assets, the company shall submit the materials in all the subparagraphs of paragraph 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the company and its subsidiaries or between its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Article 13-2 herein, and within the preceding year refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by</p>	<p>The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Article 13-2 herein, and within the preceding year refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by</p>	

Amended content	Original content	Reason
<p>the audit committee, the board of directors <u>and shareholders' meeting</u> need not be counted toward the transaction amount.</p> <p>(Omit the following.)</p>	<p>the audit committee and the board of directors need not be counted toward the transaction amount.</p> <p>(Omit the following.)</p>	
<p>Article 13: Public Announcement and Report</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(Omitted subparagraph (1) to (6), Paragraph 1.)</p> <p>(7) An asset transaction or investment other than any of those referred to in the preceding five subparagraphs or investment in the mainland China area reaches 20% or</p>	<p>Article 13: Public Announcement and Report</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(Omitted subparagraph (1) to (6), Paragraph 1.)</p> <p>(7) An asset transaction or investment other than any of those referred to in the preceding five subparagraphs or investment in the mainland China area reaches 20% or</p>	<p>Relaxed restrictions toward the trading of foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan, which is exempted from announcement.</p>

Amended content	Original content	Reason
<p>more of paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:</p> <p>A. Trading of <u>domestic</u> government bonds <u>or</u> <u>foreign</u> government bonds with a <u>rating that is not lower than the sovereign rating of Taiwan</u>.</p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Omit the following.)</p>	<p>more of paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:</p> <p>A. Trading of government bonds.</p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Omit the following.)</p>	

Amended content	Original content	Reason
<p>Article 15:Engaging Expert Opinions (Omitted subparagraph (1) to (2), Paragraph 1.)</p> <p>(3)Where any of the following circumstances is found with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a <u>certified</u> public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>	<p>Article 15:Engaging Expert Opinions (Omitted subparagraph (1) to (2), Paragraph 1.)</p> <p>(3)Where any of the following circumstances is found with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a public accountant shall be engaged to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and</u> render a specific opinion regarding the reason for the discrepancy and</p>	<p>Delete the wording in relation to performing the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and considering practical processing time, the deadline of obtaining an accountant's opinion is revised to relax restrictions.</p>

Amended content	Original content	Reason
<p>A. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(Omitted subparagraph (4), Paragraph 1.)</p> <p>(5) Except where a limited price, specified price, or special price is used as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the</p>	<p>the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(Omitted subparagraph (4), Paragraph 1.)</p> <p>(5) Except where a limited price, specified price, or special price is used as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the</p>	

Amended content	Original content	Reason
<p>delay, the <u>appraisal</u> report shall be <u>obtained within 2 weeks</u> counting <u>inclusively from the date of occurrence</u>, and the <u>certified</u> public accountant's opinion under subparagraph 3 of the preceding paragraph shall be obtained within 2 weeks counting <u>inclusively from the day the appraisal report is obtained.</u></p> <p>2. The Company's acquisition or disposal of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's</p>	<p>delay, the report, <u>and the public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks</u> counting <u>inclusively from the date of occurrence.</u></p> <p>2. The Company's acquisition or disposal of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's</p>	

Amended content	Original content	Reason
<p>paid-in capital or NT\$300 million or more, the company shall additionally engage a <u>certified</u> public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of FSC.</p> <p>3. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or</p>	<p>paid-in capital or NT\$300 million or more, the company shall additionally engage a public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the public accountant needs to use the report of an expert as evidence, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of FSC.</p> <p>3. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or</p>	

Amended content	Original content	Reason
<p>NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a <u>certified</u> public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>(Omit the following.)</p>	<p>NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>(Omit the following.)</p>	
<p>Article 19:Additional Provisions This Act of Procedures was established on May 13, 2019, with the approval of the board of directors and approved by the shareholders' meeting on June 24, 2019. The first amendment was on November 13, 2019. The second amendments was on June 22, 2020. <u>The third amendments was on June 27, 2022.</u></p>	<p>Article 19:Additional Provisions This Act of Procedures was established on May 13, 2019, with the approval of the board of directors and approved by the shareholders' meeting on June 24, 2019. The first amendment was on November 13, 2019. The second amendments was on June 22, 2020.</p>	<p>Added revision date.</p>

Attachments IV

Details of the duties subject to releasing the Candidate of Directors and Independent Directors from non-competition

Position	Name	Position in Other Companies	
Director	Kinpo Electronics, Inc.	Ascendant Private Equity Investment Ltd. Cal-Comp Big Data International Ltd. Castlenet Technology (BVI) Inc. Kinpo International (Singapore) Pte. Ltd. Kinpo International Ltd. Lipo Holding CO., LTD. QBit Semiconductor Holding, Ltd. XYZprinting, Inc. Compal Electronics, Inc. Teleport Access Services, Inc. Kinpo Group Management Consultant Company Crownpo Technology Inc. AcBel Polytech Inc. New Era AI Robotic Inc. Norm Pacific Automation Corp. Cal-Comp Asset Management, Inc. Prudence Venture Investment Corp. NTNU Innovation Investment Holding Company iHELPER Inc. Cal-Comp Big Data, Inc.	Director Director Director Director Director Director Director and General Manager Director Director Director Chairman Director Chairman and Director Chairman and Director Director Director Chairman Director Chairman Chairman and Director Chairman and Director
Director	Representative of Kinpo Electronics, Inc.: YING, CHANG	Hong-Yi Materials and Products Corporation Hongyi optical Co., Ltd.	Chairman Chairman
Director	Representative of Kinpo Electronics, Inc.: CHIEH-LI, HSU	AcBel Electronic (Dong Guan) Co., Ltd. AcBel Electronic (Wuhan) Co., Ltd. Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd. Acbel Polytech (Philippines) Inc. AcBel Polytech Inc.	Chairman Chairman Chairman Chairman and General Manager Chairman and General Manager

Position	Name	Position in Other Companies	
		Cal-Comp Electronics(Thailand) Public Company Limited	Vice Chairman
		Acbel (USA) Polytech Inc.	Director and General Manager
		Cal-comp Industria De Semicondutores S.A.	Director and General Manager
		Kinpo&Compal Group Assets Development Corporation	Director and General Manager
		Acbel Polytech (Ireland) Limited	Director
		AcBel Polytech (SAMOA) Investment Inc.	Director
		Acbel Polytech (Singapore) Pte Ltd.	Director
		Acbel Polytech (UK) Limited	Director
		Acbel Polytech Holdings Inc.	Director
		AcBel Polytech International Inc.	Director
		AcBel Polytech Japan Inc.	Director
		Cal-Comp Electronics (USA) Co., Ltd.	Director
		Cal-Comp Electronics de Mexico Co. S.A. de C.V.	Director
		Cal-Comp Holding (Brasil) S.A.	Director
		Cal-Comp Precision (Malaysia) SDN. BHD.	Director
		Cal-Comp USA (San Diego), Co., Inc.	Director
		CK Holdings Inc. 、CSA Holdings Inc.	Director
		Power Station Holdings Ltd.	Director
		QBit Semiconductor Holding, Ltd.	Director
		Target Gain Corporation	Director
		Compal Electronics, Inc.	Director
		VesCir Ltd.	Director
		MELVITA TAIWAN LTD.	Director
		ARCE Therapeutics, Inc.	Director
		Kinpo Electronics, Inc.	Director
		Cal-Comp Precision Holding Co., Ltd.	Director
		AcTel Power Co.,Ltd.	Director
		AcRay Energy Co., Ltd.	Director
		AcTek Energy Co., Ltd.	Director
		QBit Semiconductor Ltd.	Director
		New Era AI Robotic Inc.	Director
		NKG Advanced Intelligence and Technology Development (Yue Yang) Co., Ltd.	Director
		Ray-Kwong Medical Management Consulting Co., Ltd.	Director
		Raypal Biomedical Co., Ltd.	Director
		The Eslite Spectrum Corporation	Director
		LIZ Electronics (Nantong) Co., Ltd.	Director
		Cal-Comp Big Data, Inc.	Director
		Winbond Electronics Corporation	Independent Director

Position	Name	Position in Other Companies	
		Nuvoton Technology Corporation Teleport Access Services, Inc. Kinpo Group Management Consultant Company Full Power Investment Co.,Ltd Taiwan Electrical and Electronic Manufacturers' Association. Importers and Exporters Association of Taipei Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd. Chongqing Kanghua Metal Product Co.,Ltd. Cal-Comp Electronics And communications Co., Ltd.	Independent Director Supervisor Supervisor Supervisor Vice Chairman Director Executive Director Executive Director Chief Strategy Officer
Director	Representative of Kinpo Electronics, Inc.: WEI-YANG, HSU	Power Station Holdings Ltd. Kinpo Electronics, Inc. Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd.	Director Director Director
Director	Representative of Kinpo Electronics, Inc.: YU-HUI, HUANG	CastleNet Technology Inc (Kunshan). NKG Advanced Intelligence and Technology Development (Yue Yang) Co., Ltd. XYZprinting (suzhou) Co., Ltd. ICKP (Beijing) Technology Development Co., Ltd. Dongguan Kaipu Electronics Co., Ltd. Kinpo Electronics, Inc. Cal-Comp Optical Electronics (Yueyang) Co., Ltd. Yueyang Cal-Comp Optical Electronics (Suzhou) Co., Ltd. Cal-Comp Technology (Suzhou) Co., Ltd. Cal-Comp Electronics and Communications (Suzhou) Co., Ltd. Cal-Comp Precision (Yueyang) Co., Ltd. Cal-Comp Precision (Dongguan) Co., Ltd XYZprinting (Shanghai) cloud technology Co.,Ltd. Kinpo Electronics (China) Co., Ltd.	Director and General Manager Director and General Manager Director Director Director Director Director Director Director Director Director Director Vice General Manager
Director	Representative of Kinpo Electronics, Inc.: TAI-CHANG,	Dongguan Kaipu Electronics Co., Ltd. Cal-Comp Precision (Malaysia) SDN. BHD. Cal-Comp Precision (Singapore) Limited Cal-Comp Precision (Thailand) Limited	Director and General Manager Director Director Director

4. Appendixes

CastleNet Technology Inc.

Articles of Incorporation

Chapter 1 General

Article 1 : The Company is organized according to the provisions of the Company Act with Chinese name of “凱碩科技股份有限公司” and English name of “CastleNet Technology Inc.”.

Article 2 : The business of the Company is listed as follows :

1. E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering
2. F401021 Controlled Telecommunications Radio-Frequency Devices Import
3. CC01101 Controlled Telecommunications Radio-Frequency Devices Manufacturing
4. CC01080 Electronic Components Manufacturing
5. CB01010 Mechanical Equipment Manufacturing
6. CB01020 Affairs Machine Manufacturing
7. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
8. CC01020 Electric Wires and Cables Manufacturing
9. CC01110 Computer and Peripheral Equipment Manufacturing
10. CC01060 Wired Communication Mechanics Equipment Manufacturing
11. CC01070 Wireless Communication Mechanics Equipment Manufacturing
12. E604010 Machinery Installation
13. E701040 Simple Telecommunication Equipment Installation
14. E701020 Satellite Television KU Channels and Channel C Equipment Installation
15. F113070 Wholesale of Telecommunication Apparatus
16. F213060 Retail Sale of Telecommunication Apparatus
17. F119010 Wholesale of Electronic Materials
18. F219010 Retail Sale of Electronic Materials
19. F118010 Wholesale of Computer Software
20. F218010 Retail Sale of Computer Software
21. I301010 Information Software Services
22. I301020 Data Processing Services

23. I301030 Electronic Information Supply Services

24. F601010 Intellectual Property Rights

25. F401010 International Trade

26. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 : The Company may engage in other businesses including external guarantee and reinvestment due to business demands. The total amount of reinvestment is not subject to the restriction of the provision that it shall not exceed forty percent of paid-in capital stock in Article 3, Paragraph 1 of the Company Act.

Article 4 : The headquarters of the Company are located in New Taipei City. The Company may establish branches in other proper places if necessary for business. The establishment, revocation or relocation of such branches shall be handled based on relevant decision made by the board of directors.

Article 5 : The announcement method adopted by the Company shall be handled according to the provisions of Article 28 of the Company Act.

Article 5-1 : When it is planned to revoke the public offering of the stock of the Company, it shall be submitted to the shareholders' meeting for a resolution, and this provision shall not be changed during the period of emerging stock listing and OTC listing.

Chapter 2 Shares

Article 6 : The total registered capital of the Company is determined as NT\$ 3 billion and is divided into 300 million shares with face value per share of NT\$ 10. The shares may be issued by different times. 45 million shares are retained for the purpose of stock warrants or exercise of options of corporate bonds with warrants.

Article 6-1 : The issuance of employee stock warrants with subscription price not restricted the provisions of Article 53 of "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" by the issuer of the Company may be executed only after more than half of shareholders representing the total shares issued attend the meeting and the proposal is approved by more than two thirds of voting rights held by the attending shareholders. Besides, it can be declared and handled by different times within one year since the date when a resolution is made by the shareholders' meeting.

Article 6-2 : Employee stock warrants transferred by the Company to the employees at a price lower than the actual average price for repurchasing of shares, or issued at a subscription price lower than market price (net value per share) shall be executed only after more than half of shareholders representing the total shares issued attend the meeting and the proposal is approved by more than two thirds of voting rights held by the attending shareholders.

Article 6-3 : The objects to whom the Company issues new shares for employees to

subscribe, employee warrant stock vouchers, new shares restricting employees' rights and transferred employee treasury shares shall may include employees from the Company's controlling or subordinate companies that comply with certain conditions.

Article 7 : All the stock of the company is registered and issued after being signed or sealed by directors acting for and on behalf of the Company and legally certified. Stock printing may be exempted for the shares issued by the Company, but the Company shall engage securities centralized custody public institution to register the shares issued and handle the affair according to the provisions of this institution.

Article 8 : The stock affairs of the Company shall be handled according to the provisions of the Company Act, or "Regulations Governing the Handling of Stock Affairs of Public Companies" as well as other relevant laws and regulations.

Article 9 : No change shall be made to the contents recorded in the register of shareholders within sixty days before convening of a regular shareholders' meeting, or within thirty days before convening of a special shareholders' meeting, or within five days before the benchmark date when the Company decides to distribute stock dividends and bonuses o other interests.

Chapter 3 Shareholders' Meeting

Article 10 : Shareholders' meetings are classified into regular shareholders' meeting and special shareholders' meeting. Regular shareholders' meeting is convened once every year, and is legally convened by the board of directors within six months after end of each accounting year. Special shareholder's meeting may be legally convened as necessary. The meeting shall be convened according to the provisions of relevant laws and regulations.

Article 11 : Meeting date, location and reason for convening shall be notified to each shareholder and announced according to law thirty days in advance for a regular shareholder's meeting and fifteen days in advance for a special shareholders' meeting respectively. Shareholders holding less than 1,000 registered shares may be notified in form of announcement.

A convening notice of shareholders' meeting can be served electronically with shareholders' consent.

Article 12 : When a shareholder cannot attend a shareholders' meeting, he/she may issue a proxy form of the Company, specify scope of authorization and sign or stamp on it to entrust a proxy to attend the meeting. Method for shareholders' entrusted attendance shall be handled according to the provisions of Article 177 of the Company Act and "Rules for the Use of Proxy Form for Attendance of Shareholders' Meetings of Public Companies".

Article 13 : Shareholders' meetings shall be chaired by the chairperson of the board. When the chairperson of the board is absent, the chairperson shall appoint one

director to act as chair, or, if there are no director appointed, one of the directors shall be appointed to act as chair. Where other convening party other than the board of directors convenes the meeting, the chair shall be served by this convening party. Where there are more than two convening parties, they shall mutually elect one to serve as chair.

Article 14 : Resolutions of the shareholders' meeting shall be executed only after more than half of shareholders representing the total shares issued attend the meeting and the proposal is approved by more than two thirds of voting rights held by the attending shareholders unless otherwise stipulated in the Company Act.

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

Article 15-1 : A shareholder holding 1% or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. Additionally, shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The aforesaid work shall be handled according to the Company Act and relevant provisions.

Article 16 : Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting, and the production and distribution of the meeting minutes shall be handled according to the provisions of Article 183 of the Company Act.

The meeting minutes shall record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results. The minutes shall be retained for the duration of the existence of the Company. The attendance book of attending shareholders and proxy form for attendance by proxies shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Chapter 4 Directors

Article 17 : 7-9 directors are appointed in the Company. They will be elected and appointed by the shareholders' meeting from competent personnel. Candidate nomination system is adopted and shareholders shall be elected and appointed from the list of candidates with tenure of three years. The shareholders can be consecutively elected and appointed.

The total shares held by all the preceding directors shall be handled according

to the provisions of securities administrative authority.

Article 17-1 : There shall be at least two independent directors in the quota of directors of the Company and the number of independent directors shall not be less than one fifth of all directors.

Professional qualification, shareholding status, part-time restrictions, nomination, election and appointment methods, and other due matters regarding independent directors shall be handled according to the relevant statutory provisions of the Company Act and the Securities Exchange Act.

Article 17-2 : When the vacancy of directors reaches one third of all directors and all independent directors are dismissed, the board of directors shall convene a special shareholder's meeting within sixty days for by-election with tenure sufficiently supplementing the tenure of former directors.

Article 17-3 : In order to improve supervision function and strengthen management mechanism, the board of directors may set up various functional committees and the organization procedures of these committees shall be formulated separately according to the provisions of relevant laws and regulations as well as rules and regulations of the Company.

The audit committee established by the Company according to the provisions of the Securities Exchange Act comprises all independent directors and there shall be at least three members. The responsibilities, organizational rules and other due matters of the audit committee shall be handled according to the provisions of the competent authority.

Article 18 : For the organization of a board meeting, more than two thirds of directors shall attend the meeting, and a chairperson shall be elected with consent from more than half of attending directors.

Article 19 : The chairperson takes general charge of all business of the Company on behalf of the Company. When the chairperson cannot execute the duties, the chairperson shall designate a director to act on his/her behalf. When no director is designated, the directors shall mutually select a director to act on behalf of the chairperson.

Article 20 : The Company's business policy and other main matters are decided by the board of directors. Except the first meeting of each board of directors that shall be convened and chaired by the director with votes representing the most voting rights, the chairperson shall convene and chair all other meetings of the board of director unless otherwise stipulated in the Company Act. When the chairperson cannot attend a meeting for certain reason, the chairperson shall designate a director to act on his/her behalf. When no director is designated, the directors shall mutually select a director to act on behalf of the chairperson.

Article 20-1 : Resolutions of the board of directors may be executed only after more than half number of directors attend the meeting and these resolutions are approved

by more than half of attending directors. Meeting minutes shall be signed or sealed by the chair, and then distributed to each director within twenty days after the meeting. The production and distribution of the meeting minutes can be carried out electronically.

Article 21 : Board meeting is convened once periodically. The chairperson may convene a special board meeting as necessary. If a director cannot attend a board meeting for certain reason, he/she may entrust another director as proxy in writing. But, each director can only serve as proxy for one director.

When a board meeting is convened online, directors who attend the meeting online are deemed as attending the meeting in person.

Article 21-1 : For convening of a board meeting, the reason for convening shall be specified and notified to each director in advance. However, a board meeting can be convened at any time in case of emergency.

The convening in the preceding paragraph can be notified to each director by correspondence, fax or email.

Article 22 : The board of directors is authorized to negotiate and determine the remuneration of chairperson and directors of the Company according to the degree of involvement in the corporate operation and contributed value and in consideration of normal level in the industry.

The Company shall purchase liability insurance for directors so as to lower the risk of directors being accused by shareholders or other stakeholders due to execution of duties according to law.

Chapter 5 Managers

Article 23 : The Company may appoint several managers and their appointment, dismissal, removal and remuneration shall be handled according to the provisions of Article 29 of the Company Act.

Chapter 6 Accounting

Article 24 : The accounting year of the Company starts from January 1 and ends on December 31.

Article 25 : The board of directors of the Company shall prepare the following statistical forms after end of each accounting year. These forms shall be submitted to the audit committee for verification and then submitted to the regular shareholders' meeting for the request of recognition thirty days before convening of the regular shareholder's meeting.

1. Business report
2. Financial statements
3. Surplus distribution or loss compensation proposal

Article 26 : If the Company earns profits in current year, it shall appropriate at least two percent of the profits as employees' remuneration and no more than two percent

of the profits as directors' remuneration respectively.

When the Company still has accumulated loss, amount used to make up the accumulated loss shall be reserved in advance.

The profits in current years mentioned in the preceding paragraph refer to income acquired before deduction of amount distributed for employees' remuneration and directors' remuneration.

The determination of distribution ratios of employees' remuneration and directors' remuneration as well as the payment of employees' remuneration in stock or cash may be executed with the attendance of more than two thirds of directors and consent from more than half of attending directors, and reported to the shareholders' meeting.

The objects of payment of employees' remuneration in stock or cash may include employees from the Company's controlling or subordinate companies that comply with certain conditions.

Article 26-1 : Surplus in the annual final accounts of the Company shall be used to pay taxes and make up accumulated loss first if any. Then, if there is still a remaining amount, ten percent of the surplus shall be drawn as legal surplus as well as special reserve presented or reversed according to laws and regulations or the provisions of the competent department. If there is still a surplus, and the sum of its balance as well as the adjusted amount of undistributed surplus at the beginning of the same period and in current year is used by the board of directors for the surplus withdrawal distribution proposal based on actual demands and the surplus is thus distributed to issue new shares, they shall be distributed after being passed in a resolution made by the shareholders' meeting. When the Company distributes all or a part of distributable stock dividends, bonuses, capital reserve or legal surplus in cash, it may be distributed only after more than two thirds of directors attend the meeting and more than half of attending directors pass a resolution, and then it shall be reported to the shareholders' meeting.

As for the distribution of dividends mentioned above, the distributable surplus in current year shall be distributed in full in consideration of factors including finance, business and operation aspects. The cash dividends shall not be lower than ten percent of total amount of cash and stock dividends granted in current year.

Chapter 7 Supplementary Provisions

Article 27 : The organizational procedures and detailed rules of procedure of the Company shall be determined by the board of directors for resolution.

Article 28 : Matters not mentioned herein shall be handled according to the Company Act and other relevant laws and regulations.

Article 29 : The Articles of Incorporation were first formulated on June 8, 1998.

The first amendment was made on August 19, 1998.
The second amendment was made on May 26, 1999.
The third amendment was made on April 28, 2000.
The fourth amendment was made on May 23, 2001.
The fifth amendment was made on June 17, 2002.
The sixth amendment was made on June 14, 2005.
The seventh amendment was made on June 14, 2006.
The eighth amendment was made on March 21, 2008.
The ninth amendment was made on June 13, 2008.
The tenth amendment was made on June 19, 2009.
The eleventh amendment was made on June 15, 2010.
The twelfth amendment was made on June 12, 2012.
The thirteenth amendment was made on June 11, 2013.
The fourteenth amendment was made on May 11, 2016.
The fifteenth amendment was made on June 13, 2017.
The sixteenth amendment was made on June 24, 2019.
The seventeenth amendment was made on November 13, 2019.



CastleNet Technology Inc.



Chairperson : Ying Chang

CastleNet Technology Inc. Rules of Procedure for Shareholders' Meetings

Article 1 The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of Incorporation, shall be as provided in these Rules.

Article 2 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.

To convene a regular shareholders' meeting, the Company shall prepare a meeting handbook and notify each shareholder thirty days in advance.

Shareholders holding less than 1,000 registered shares may be notified in form of announcement entered in the declaration website designated by the competent authority thirty days in advance; the convening of a special shareholders' meeting shall be notified to each shareholder fifteen days in advance. Shareholders holding less than 1,000 registered shares may be notified in form of announcement entered in the declaration website designated by the competent authority fifteen days in advance. The notice and announcement shall specify reason for convening; with the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of Incorporation, corporate dissolution, merger or separation or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" shall be listed in the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals, and the location and time period for their submission; the period for submission of

shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 3 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meetings, and shall deliver the proxy form to the Company before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail

Article 4 The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 5 The Company shall furnish the attending shareholders or proxies entrusted by the shareholders (hereinafter referred to as shareholders) with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The attending shares will be calculated according to the attendance book or sign-in card handed in.

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

When the government or a juristic person is a shareholder, it may be

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

Article 6 If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

It is advisable that shareholders' meetings convened by the board of directors be attended by a majority of the director.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

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

Article 7 The Company shall make an uninterrupted audio or video recording of the meeting convening process and retain it for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 8 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meetings pursuant to Article 174 of

the Company Act.

Article 9 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

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

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

After the meeting is adjourned, shareholders shall not elect a chair to continue the meeting in the original venue or another venue.

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

Article 10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

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

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

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed

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

Article 11 Attendance and voting at a shareholders' meeting shall be calculated based the number of shares.

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

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

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

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

Article 12 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179 of the Company Act.

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

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting

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

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

A proposal will be deemed as passed after the chair inquiries all attending shareholders and confirms no objection is raised, which has same effect as voting; in case of any objection, it shall be voted as stipulated in the preceding paragraph.

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The votes shall be announced within the venue of the shareholders' meeting, and the voting results shall be reported on the spot and made into minutes.

Article 13 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.

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

Article 14 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. Meeting minutes shall be made and distributed according to the provisions of Article 183 of the Company Act.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results. The minutes shall be retained for the duration of the existence of the Company.

In respect to the preceding methods by which resolutions were adopted, "the proposal is passed after the chair inquires all attending shareholders who later raise n objection to it" shall be recorded after the chair inquiries shareholders' opinions and shareholders raise no objection to the proposals; if any shareholder has an objection to the proposal, voting method as well as ratio of concurring voting rights in total voting rights shall be specified.

Article 15 On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (The Gre Tai Securities Market of the Republic of China) regulations, the Company shall upload the content of such resolution to the designated declaration website of the competent authority within the prescribed time period.

Article 16 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place.

When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor". At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 17 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

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

Article 18 These Rules shall take effect after having been submitted to and approved by shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

CastleNet Technology Inc.

Procedures for the Acquisition and Disposal of Assets

Article 1: Purpose

To enhance the Company's asset management and to ensure stockholder equity and information openness, the disposition procedures hereof are set in accordance with Article 36-1 of the Securities and Exchange Act and regulations prescribed by the Financial Supervisory Commission (FSC). The Company's operation in asset management shall adhere to the prescribed disposition procedures.

Article 2: Scope and Definition

1. Assets include:

- (1) Securities (including stocks, government bonds, corporate bonds, financial bonds, securities representing interests in a fund, depositary receipts, call (put) warrants, beneficiary securities, and asset-backed securities, etc.)
 - (2) Real property (including land, houses and building, investment property) and equipment.
 - (3) Memberships.
 - (4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - (5) Right-of-use assets.
 - (6) Derivative products: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. Forward contracts do not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
 - (7) Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares (Issue new shares and transfer to other companies in accordance with Article 156-3 of the Company Act) in accordance with laws (e.g. Business Mergers and Acquisitions Act, Financial Holding Company Act, The Financial Institutions Merger Act, or other laws).
 - (8) Other major assets.
- ###### 2. Related parties shall be defined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

3. Subsidiaries shall be defined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other persons duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other dates that can confirm the transaction counterparty and monetary amount, whichever date is earlier. However, for investment that requires the approval of the competent authority, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. "Within a year" refers to the past one year counted on the day of the acquirement or disposal of assets. Publicly announced days can be excluded from the calculation.
8. Professional appraisers and their officers, public accounts, attorneys, and securities underwriters commissioned by the Company shall meet the following requirements:
 - (1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
 - (2) May not be a related party or de facto related party of any party to the transaction.
 - (3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.
9. For the calculation of 10% of total assets under the regulations, the total assets stated in the most recent entity financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
10. In the case of a company of which shares have no par value or a par value other than NT\$10, the calculation of transaction amounts of 20% of paid-in capital in accordance with pertinent regulations shall be 10% of equity attributable to owners of the parent company; for calculations under the provisions of these Regulations regarding transaction amounts pertinent to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 3: Authorized Quota

The monetary amount of securities investment, real property for non-business use, or right-of-use assets thereof held by the Company and its subsidiaries shall adhere to the following regulations on total amount and quota. If the amount exceeds the prescribed quota, it shall be reported to the board of directors for a resolution and handled accordingly.

1. The Company's authorized quota:

- (1) The quota for securities investment is limited to the Company's shareholders' equity and non-current liabilities.
- (2) The quota for individual securities investment is limited to 50% of the Company's shareholders' equity and non-current liabilities. However, the limit on quota for individual securities investment does not apply to investments on companies holding 100% voting shares.
- (3) The quota for real property for non-business use or right-of-use assets is limited to 30% of the Company's shareholders' equity and non-current liabilities.

2. Subsidiaries' authorized quota:

- (1) The quota of securities investment of each subsidiary is limited to the amount of each subsidiary's shareholders' equity and non-current liabilities.
- (2) The quota for individual securities investment of each subsidiary is limited to 50% of each subsidiary's shareholders' equity and non-current liabilities. However, the limit on quota for individual securities investment does not apply to investments on companies holding 100% voting shares.
- (3) The quota for real property for non-business use, or right-of-use assets of each subsidiary is limited to 30% of each subsidiary's Company's shareholders' equity and non-current liabilities.

Remark: The aforementioned monetary amount of shareholders' equity and non-current liabilities refers to the amount stated in the Company's most recent entity financial report or individual financial report audited and certified by public accountants.

Article 4: Level of Authority

1. In light of the fast changing market environment, the acquisition or disposal of securities expected to be held less than one year shall adhere to the level of authority stipulated by the Company.
2. Acquisition or disposal of securities, real property and equipment or the right-of-use assets thereof, memberships, patents, copyrights, trademarks, franchise rights or the right-of-use assets thereof, where the transaction amount per item reaches or exceeds NT\$ 100 million, shall be submitted to the board of directors for a resolution before implementation. Where the transaction amount per item is under NT\$ 100 million, the board of directors shall authorize the chairman to decide such matters. Where the accumulated transaction amount of the same transaction item in one year reaches or exceeds NT\$ 100 million, it shall be reported to the board of directors.

3. The disposition of merger, demerger, acquisition, or transfer of shares and asset shall be reported to the board of directors for a resolution.
4. The acquisition or disposal of equipment, memberships, intangible assets and other major assets shall be conducted in accordance with the level of authority prescribed by the Company.
5. The acquisition or disposal of equipment, memberships, intangible assets, or right-of-use assets thereof and other major assets shall be conducted in accordance with the level of authority prescribed by the Company.
6. Related party transactions are handled in accordance with the related party transaction processing procedures of Article 8 of this procedure.
7. If the aforementioned acquisition or disposal of assets is adopted by a supermajority vote as an important agenda in accordance with Article 185 of the Company Act, before implementation, it is required to be passed by the board of directors and reported to the shareholders' meeting for approval.

Article 5: Responsible Departments

Asset	Organizer	Co-organizer
Securities	Department designated by the chairman	Finance and accounting department
Real property, equipment or right-of-use assets thereof	Business departments	Finance department
Membership	Department responsible for application and procurement	Finance department
Patents, copyrights, trademarks, franchise rights, other intangible assets or right-of-use assets thereof	Department responsible for R&D or application	Legal department
Derivative products	Designated operations team	Business departments and finance department
Merger, demergers, acquisitions, or transfer of shares	Department designated by the chairman	Finance and accounting department

Article 6: Disposition Procedures for the Acquisition or Disposal of Securities

1. The organizer shall conduct assessment and analysis on the investment target based on market, technical and financial aspects. The organizer shall conduct a feasibility study on aspects like the investment purpose, product market, development potential, financial status, expected profit, investment portfolio, shareholding ratio, and organizational operation, and propose a specific investment and implementation plan.
2. The co-organizer shall conduct an analysis on the source and utilization of

funds, and submit it to the organizer for disposition in accordance with regulations prescribed in Article 4.

3. The procedures for acquirement, disposal, appraisal, safekeeping, and documentation of the assets shall be conducted in compliance with Regulations Governing Investment Management.

Article 7: Disposition Procedures for the Acquisition or Disposal of Real Property, Equipment, Right-of-Use Assets Thereof or Memberships

1. The organizer shall submit department investment budgets and equipment procurement plans in accordance with regulations. An in-depth analysis of the investment target shall be conducted as well. The organizer shall also conduct a feasibility study on aspects like pre-investment status, investment motive and purpose, investment cost, expected payback period, investment benefit analysis and other aspects to come up with a specific investment implementation plan in accordance with regulations prescribed in Article 4.
2. The operational procedures for the acquisition, disposal, use, safekeeping, documentation of the asset shall be conducted in compliance with Regulations Governing Fixed Asset Management.
3. Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion in subparagraph (3), paragraph 1 of Article 15, shall be obtained within 2 weeks counting inclusively from the date of occurrence.

Article 8: Disposition Procedures for Related Party Transaction

1. When engaging in any acquisition or disposal of assets or right-of-use assets thereof from or to a related party, the organizer shall assess whether the transaction cost is reasonable via the following methods.
 - (1) Transaction price shall include the necessary interest cost of funds and costs to be duly borne by the buyer. - "Necessary interest cost of funds" is calculated by the weighted average interest rate in the year the asset is procured. However, the rate may not be higher than the highest lending rate for the non-financial sector announced by the Ministry of Finance.
 - (2) If the related party has previously applied for a mortgage on the subject matter as security for a loan; provided, the actual cumulative amount of loan has reached 70% or more of the total loan value appraised by the financial institution and the loan period has been one year or more, the total loan value appraised may apply. However, the rules do not apply if the financial institution is a related party of one of the transaction counterparties.
 - (3) Where land and house are combined as a single property purchased or rented in one transaction, the transaction costs for the land and the house may be separately appraised in accordance with either of the means listed in subparagraphs (1) and (2) in paragraph 1.

- (4) The transaction shall engage a public accountant to review the appraisal and render a specific opinion.
- (5) The aforementioned means do not apply in the following cases:
 - A. The related party acquired the real property or right-of-use assets thereof through inheritance or bestowal.
 - B. The time period between the day the related party signed the contract to obtain the real property or right-of-use assets thereof and the signing date for the current transaction has exceeded five years.
 - C. The real property is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real property on the company's own land or on rented land.
 - D. The right-of-use assets of real property for business use acquired with a subsidiary that holds more than 50% of the Company's shares, or directly or indirectly holds 100% of the issued shares or authorized capital.
2. In acquiring or disposing of real property or the right-of-use assets, or acquiring or disposing of other assets other than real property or right-of-use assets thereof with a related party where the transaction amount reaches 20% of the company's paid-in capital, 10% of total assets, or NT\$300 million or more, the organizer, unless transacting with domestic government bonds, bonds under repurchase and resale agreement, subscription or repurchase of money market fund issued by domestic securities investment trust enterprises, shall submit the following information to the audit committee and board of directors for approval before proceeding with contract signing and payment:
 - (1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a transaction counterparty.
 - (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding the appraisal of the reasonableness of the preliminary transaction terms shall be prepared in accordance with provisions in paragraph 1 and paragraph 5.
 - (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
 - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and an assessment on the necessity of the transaction and reasonableness of funds utilization.
 - (6) An appraisal report from a professional appraiser or a public accountant's opinion obtained in accordance with regulations prescribed in the preceding article.
 - (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Article 13-2 herein, and

within the preceding year refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the board of directors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of equipment or right-of-use assets thereof for business use and real property or right-of-use assets thereof for business use between the company and its subsidiaries, the board of directors shall authorize the chairman to decide such matters in accordance with the level of authority when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board meeting.

3. When the results of cost appraisal are uniformly lower than the transaction price, the following steps shall be taken:
 - (1) A special reserve shall be set aside in accordance with Article 41-1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies based on the discrepancy between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, the special reserve shall be set aside pro rata in a proportion consistent with its shareholding ratio. The special reserve thereof may not be utilized until the company has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the original status has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and with FSC's approval.
 - (2) The audit committee shall comply with Article 218 of the Company Act.
 - (3) Actions taken in accordance with subparagraph (1) and (2) in paragraph 3 hereof shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and investment prospectus.
4. When the Company acquires real property or right-of-use assets thereof from a related party, it shall also comply with regulations prescribed in subparagraphs (1) and (2) of the third paragraph hereof if there is other evidence indicating that the transaction shows nonconformity with regular business practices.
5. If the following circumstances exist and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a public accountant, provisions in paragraph 3 hereof shall not apply.
 - (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in paragraph one, and structures according to the related party's

construction cost plus reasonable construction profit are valued in excess of the actual transaction price. Reasonable construction profit referred to hereof shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

C. Leases by unrelated parties within the preceding year involving other floors of the same property, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor prices in accordance with standard property market leasing practices.

(2) Real property acquired by the Company from a related party or the right-of-use of rented real property with evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Remark: Completed transactions involving neighboring parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction.

Article 9: Disposition Procedures for Acquisition or Disposal of Intangible Assets

1. Patent

The organizer shall fill out the patent application form and submit for approval in accordance with regulations prescribed in Article 4. The procedures for further actions taken after the application is delivered to the co-organizer shall adhere to the Regulations Governing Patents.

2. Trademark

For the application of trademark registration for the exclusive right of use or expanding the trademark right to specific products, the organizer shall decide the matter in accordance with the Company's level of authority and submit the decision to the co-organizer for further actions.

3. Copyright

For the application of copyright registration, the organizer shall decide the matter in accordance with the Company's level of authority and submit with pertinent information to the co-organizer for further actions.

4. Licensing

The licensing of the three intellectual properties in preceding paragraphs, whether it is commissioned to or by other parties, shall be conducted in accordance with the Company's level of authority.

Article 10:Disposition Procedures for the Acquisition or Disposal of Derivative Products

The organizer shall, based on the cash budget and other information prepared by all co-organizers, conduct analysis and handle the transaction of derivative products in accordance with the Company's level of authority. The organizer's operational procedures, including asset transaction principle, strategy, type, disposition procedures, risk management, internal control, stop loss management and supervision, shall be carried out in accordance with the Disposition Procedures for Derivative Financial Products Transactions. Stability and risk mitigation should be the principle for all conduct.

Article 11:Disposition Procedures for Mergers, Demergers, Acquisitions, or Transfer of Shares

1. The organizer shall engage attorneys, public accountants, and underwriters to discuss the estimated legal procedure timetable and organize a team to comply with legal procedures. Prior to convening the board of directors for a resolution, the Company shall engage public accountants, attorney, or securities underwriter to render opinions on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit to the board of directors for deliberation and approval. However, the requirement of obtaining expert opinions on reasonableness may be exempted in the case of a merger of a subsidiary in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.
2. The Company shall prepare a public report to shareholders detailing important contractual content and pertinent matters of the merger, demerger, or acquisition prior to the shareholders meeting and include it along with expert opinions referred to in paragraph 1 hereof when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. However, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, the rules shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies involved in the merger, demerger or acquisition shall immediately publicly explain the reason, follow-up measures, and the preliminary date of the next shareholders meeting.

3. Other matters to be considered:

- (1) Date of the board meeting: Companies involved in a merger, demerger, or acquisition shall convene a board meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or supervisor departments are notified in advance of extraordinary circumstances and grants consent. Companies involved in a transfer of shares shall call a board meeting on the day of the transaction, unless another act provides otherwise or supervisor departments are notified in advance of extraordinary circumstances and grants consent.
- (2) Preliminary confidentiality undertaking: Every person involved in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (3) The principle for setting and altering the share exchange ratio or acquisition price: Companies involved in a merger, demerger, acquisition, or transfer of shares shall adhere to provisions prescribed in paragraphs 1 and 2 hereof. In principle, the share exchange ratio or acquisition price may not be arbitrarily altered and circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares shall be stipulated:
 - A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 - B. An action, such as a disposal of major assets, that affects the Company's financial operations.
 - C. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - F. Other terms that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Contract detail: The contract of a merger, demerger, acquisition, or transfer of shares shall include clear stipulations on the following:
 - A. Handling of breach of contract.
 - B. Disposition principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

- C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - D. The manner of handling changes in the number of participating entities or companies.
 - E. Preliminary progress schedule for plan execution, and anticipated completion date.
 - F. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (5) When the number of companies changes in a merger, demerger, acquisition, or transfer of shares: After public disclosure of the information, if any company involved in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve the matter.
- (6) Where the company involved in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company in accordance with provisions prescribed in subparagraphs (1), (2), and (5) in paragraph 3 of the article hereof.
4. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, contract signing, and board meetings.
 - (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board meetings.
5. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the

date of passage of a resolution by the board of directors, report the information set aforementioned in subparagraphs 1 and 2 in the preceding paragraph to FSC for recordation in the prescribed format via the Internet-based information system.

6. Where any of the companies involved in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) listed or traded shall sign an agreement with such company and abide by the provisions of the paragraphs 4 and 5 hereof.

Article 12: Decision on Transaction Price

1. When acquiring or disposing of securities previously transacted in the stock exchange market or securities trading enterprises, equity or bond prices at the time shall be considered as references for the decision.
2. When acquiring or disposing of securities not transacted in the stock exchange market or securities trading enterprises, NET value per share, market interest rates, face interest rates, profitability, future potential, investee credit, and other factors shall be considered as references, and expert opinions on securities analysis shall be considered before the decision.
3. When acquiring or disposing of real property, equipment or right-of-use assets thereof, memberships or intangible assets or right-of-use assets thereof, publicly announced present value, appraised present value, replacement cost, transaction price of similar products in the market at the time shall be considered as references, and professional appraisal shall be engaged in accordance with regulations prescribed in Article 15 before the decision.
4. Related party transaction shall be decided after conducting the assessment as prescribed in Article 8.

Article 13: Public Announcement and Report

1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
 - (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more. However, this shall not apply to the trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (2) Merger, demerger, acquisition, or transfer of shares.
 - (3) Losses from derivative product trading reaching the limits on aggregate losses or losses on individual contracts prescribed in the procedures.
 - (4) Where equipment or right-of-use assets thereof for business use are

acquired or disposed of, and the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: A. For a public company of which paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. B) For a public company of which paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

- (5) Acquisition of real property by engaging others to build on the company's own land or on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
 - (6) Acquisition or disposal by the subsidiaries of the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
 - (7) An asset transaction or investment other than any of those referred to in the preceding five subparagraphs or investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:
 - A. Trading of government bonds.
 - B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. The amount of transactions referred to in the preceding paragraph shall be calculated in the following means:
- (1) The amount of every individual transaction.
 - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or the right-of-use asset within the same development project within the preceding year.
 - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

Within the preceding year referred to in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the regulations hereof need not be counted toward the transaction amount.

3. When a non-public domestic subsidiary's acquirement or disposal of assets meets the standard for public announcement and report prescribed in the procedures hereof, the parent company shall make the public announcement and report on its behalf. A subsidiary's transaction "reaches 20% of the company's paid-in capital or 10% of total assets" in the standard for public announcement and report refers to the calculation based on the parent company's paid-in capital or total assets.
4. The Company and non-public domestic subsidiaries transaction of derivative products up to the last day of the previous month shall be publicly announced and reported on the competent authority's designated website in the appropriate format within 10 days of each month.
5. All relevant contracts, meeting minutes, log books, appraisal reports and public accountant, attorney, and securities underwriter opinions at the company shall be retained for 5 years except where another act provides otherwise.
6. If any error or omission is found in an item already publicly announced in accordance with regulations, all the items shall be re-announced publicly and reported after correction is made.

Article 14: Correction of Public Announcement and Report

Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract
3. Change to the originally publicly announced and reported information.

Article 15: Engaging Expert Opinions

1. In acquiring or disposing of real property or equipment or right-of-use assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with the domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (1) The appraisal shall be conducted based on regular prices. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any

subsequent change to the terms and conditions of the transaction.

- (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - (3) Where any of the following circumstances is found with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
 - (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and no more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
 - (5) Except where a limited price, specified price, or special price is used as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.
2. The Company's acquisition or disposal of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the public accountant needs to use the report of an expert as evidence, the accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of FSC.
3. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a public accountant

- prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
4. The calculation of the transaction amounts referred to in subparagraph (2), paragraph 2 of Article 13, and within the preceding year herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a public accountant's opinion has been obtained need not be counted toward the transaction amount.
 5. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or public accountant's opinion.
 6. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a public accountant's opinion in compliance with the provisions of the paragraph 4 of Article 15.
 7. Where the Company engages in a merger, demerger, acquisition or transfer of shares, the actions prescribed in the first paragraph of Article 11 shall be taken.
 8. If the professional appraisal report or public accountant's opinion involves false information or omission, the Company, professional appraiser and public accountant shall bear legal responsibilities.

Article 16: Actions to Be Taken by the Subsidiary

1. The subsidiary's acquisition or disposal of assets shall comply with the procedures hereof.
2. The subsidiary shall announce publicly and report in accordance with regulations prescribed in Article 13 and Article 14.
3. Where there are supervisors, the level of authority of the audit committee prescribed hereof applies to the supervisors in compliance with the law.
4. The acquisition or disposal of assets that exceeds NT\$30 million by subsidiaries of which the Company holds 50% or more shares, except for subsidiaries of which shares have been publicly issued or listed, shall be reported to the board of directors for discussion.

Article 16-1: The Company shall not waive the capital increase in CTI (BVI) in the future in any year. If the Company waives a capital increase in or disposal of CTI (BVI) due to strategic alliance considerations or other reason approved by the Taipei Exchange in the future, it shall be approved by special resolution of the Board of the Company. In addition, if the procedures herein are revised later, these shall be added to the Market Observation Post System website for disclosure and be submitted to the Taipei Exchange by mail for future reference.

Article 17:Penalty

If any of the Company's staff violates the procedures hereof, a penalty for the breach shall be deliberated in accordance with pertinent personnel management regulations.

Article 18:Implementation and Amendment

After the procedures hereof are approved by the audit committee and board of directors, the procedures shall be reported at shareholders' meeting for approval. The same rules apply to amendments. If any member of the board holds dissenting opinions and the dissent is documented or is expressed in a written statement, the dissent shall be delivered to members of the audit committee. The opinions of all independent directors shall be fully considered when presenting the procedures hereof to the board of directors. If any independent director holds dissenting opinions or reserves one's opinion, the situation shall be clearly recorded in the minutes of the board meeting.

The establishment or an amendment of the procedures hereof shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board meeting.

The number of all audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.

Article 19:Additional Provisions

This Act of Procedures was established on May 13, 2019, with the approval of the board of directors and approved by the shareholders' meeting on June 24, 2019.

The first amendment was on November 13, 2019.

The second amendments was on June 22, 2020.

CastleNet Technology Inc. Procedures for Election of Directors

- Article 1 Election of directors (including independent directors) shall be handled according to the provisions of these Procedures.
- Article 2 Election of directors shall be executed by the shareholders' meeting.
- Article 3 Those with capacity for conduct may be elected as directors of the Company according to the provisions of these Procedures.
- Article 3-1 The overall setting of the board of directors shall be considered in the election of directors of the Company. Diversification shall be considered in the composition of the board of directors. Also, appropriate diversification policy shall be drafted based on the operation, mode of operation and development needs of the board of directors, which shall include but not be limited to the following two aspects :
1. Basic conditions and values: Gender, age, nationality and culture.
 2. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc.
- Members of the board of directors shall generally have the necessary knowledge, skills and qualities to perform their duties. The overall ability requirements are as follows:
1. Operation judgment
 2. Accounting and financial analysis
 3. Operation and management
 4. Crisis management
 5. Industrial knowledge
 6. International market outlook
 7. Leadership
 8. Decision-making power
- Directors shall occupy more than half of the seats, which shall not be taken by their spouse or second degree relatives, etc. The directors of the Company shall consider the adjustment of members of the board of directors according to the results of performance evaluation.
- Article 4 Registered cumulative voting is adopted for election of directors of the Company. The registration of voters may be replaced by attendance certificate numbers printed on the votes. Each share may have the same

voting rights of number of directors that shall be elected according to law. It is allowed to centrally elect one person or several persons distributed.

- Article 5 Candidate nomination system is adopted for the election of directors of the Company. The shareholders shall be elected and appointed from the list of candidates according to duly elected quota. The voting rights of independent directors and non-independent directors shall be calculated separately according to the quota stipulated in the articles of incorporation of the Company. Those who have more votes will be elected as independent directors and non-independent directors in order separately. If there are more than two persons with same votes but the stipulated quota is surpassed, they shall draw lots and then a decision will be made. If one of them does not attend the meeting, the chairperson will draw lots for him/her.
- Article 6 The board of directors shall prepare ballots for the election with same number as the number of directors to be elected, and fill out the votes and then distribute to the attending shareholders.
- Article 7 Before election begins, the chairperson shall design several shareholders to serve as monitoring, counting recording personnel and handle the relevant matters.
- Article 8 Ballot cabinet shall be prepared by the board of directors and opened by the monitoring personnel on the spot for inspection before voting.
- Article 9 If a person to be elected is a shareholder, the voters shall specify the account name of the person to be elected in the column of "Person to be elected" on the ballots. If a person to be elected is a government or institutional shareholder, the name of this government or legal person shall be filled out in the column of account name of "Person to be elected" on the ballots. Also, name of this government or legal person as well as name of its representative shall be filled out. Where there are several representatives, their names shall be filled out separately. If a person to be elected is not a shareholder, his/her name shall be filled out.
- Article 10 A ballot is deemed as invalid under any of the following circumstances :
- (1) Failure to use ballot prepared by the board of directors;
 - (2) A blank ballot is put into the ballot box;
 - (3) The handwriting on the ballot is illegible or the vote is altered;
 - (4) The person to be elected is inconsistent with the list of candidates for directors after checking;
 - (5) Other irrelevant text is secretly filled out on the ballot besides distributed voting right number.
- Article 11 Votes shall be announced on the spot after voting, and the voting results shall be announced by the chair or a designated person on-site immediately,

including list of elected directors and votes for election.

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

Article 12 Elected directors will be notified by the board of directors of the Company respectively.

Article 13 Matters not stipulated herein shall be handled according to the provisions of the Company Act and the articles of incorporation of the Company.

Article 14 These Procedures shall take effect after having been submitted to and approved by shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

CastleNet Technology Inc.

Shareholdings by the Company's Directors

Book closure date: April 29, 2022

1. Requirements as expressly provided for in Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies: The total shareholding of all directors except independent directors shall be no less than 11,317,080 issued shares of the Company.
2. As of the book closure date of the Shareholders' Meeting, the Company's Directors, whose number of shares are cataloged in the Register of Shareholders, is as below:

Position title	Name	The number of shares	Shareholding ratio
Director	Representative of Kinpo Electronics, Inc.: YING, CHANG	129,958,907	68.90%
Director	Representative of Kinpo Electronics, Inc.: Khongsit Choukitcharoen	129,958,907	68.90%
Director	Representative of Kinpo Electronics, Inc.: TAI-CHANG, CHIANG	129,958,907	68.90%
Director	Representative of Kinpo Electronics, Inc.: CHIEH-LI, HSU	129,958,907	68.90%
Director	Representative of Kinpo Electronics, Inc.: WEN-HAN, HSU	129,958,907	68.90%
Director	Representative of Kinpo Electronics, Inc.: HUNG-MAO, TIEN	129,958,907	68.90%
Independent Director	CHI-CHING, FU	0	0%
Independent Director	HUI-YIN, CHIU	0	0%
Independent Director	HSIAO-TUNG, CHENG	0	0%
The number and percentage of shares held by all directors except independent directors		129,958,907	68.90%

Note 1: The Shareholders' Meeting shall be convened on June 27, 2022. (The book closure period is from April 29, 2022 to June 27, 2022.)

Note 2: As of April 29, 2022, the aggregate outstanding shares came to a total of 188,618,000 shares.