

Stock code : 8059



CastleNet Technology Inc.

2024 Annual Report

Annual Report Inquiry Website:

Market Observation Post System: <http://mops.twse.com.tw>

Company website: <http://www.castlenet.com.tw>

Printed on : April 30, 2025

(This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

1. Spokesperson & Deputy Spokesperson:

Spokesperson: Wu, Li-Mei
Title: Assistant vice president
Tel: (02)2267-3858 Ext: 28808
Email: CTI_shareholder@castlenet.com.tw
Deputy Spokesperson: To be appointed

2. Company contact information:

Headquarters: No. 14, Ln. 141, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City
222004, Taiwan (R.O.C.)
Tel: (02)2267-3858

3. Common Share Transfer Agent and Registrar:

Company: The Transfer Agency Department of MasterLink Securities Corporation
Address: B1, No. 35, Ln. 11, Guangfu N. Rd., Songshan Dist., Taipei City 105,
Taiwan (R.O.C.)
Website: <http://www.masterlink.com.tw>
Tel: (02)2768-6668

4. Auditors for the recent financial report:

Name: WU, JEN-CHIEH, CHANG, SHU-CHIUNG
Company: PWC Taiwan
Address: 27F., No. 333, Dadao Rd., Xinyi Dist., Taipei City 11012, Taiwan (R.O.C.)
Website: <http://www.pwc.tw>
Tel: (02)2729-6666

5. Stock Exchange where depositary receipts or common shares are listed and related information: None.

6. Website: <http://www.castlenet.com.tw>

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I. Letter to Shareholders

Dear shareholders,

Thanks for the support of the company over the years. Looking back to 2024, Affected by the expansion of geopolitical conflicts and interest rate hikes, the global economy has fallen into a downturn, market confidence is fragile, and various uncertain factors have become increasingly apparent. This has led to a rapid decline in demand, an increase in end customer inventory, and forced postponement of product shipment plans, resulting in difficulty in destocking inventory and causing inventory pressure, resulting in overall operational performance falling short of expectations. To address these challenges, CastleNet will continue to develop customer services in different regions around the world to expand business opportunities. At the same time, we regularly review the cost of purchasing components and the sales price of products, striving to find the most favorable balance point, ensuring that product prices are competitive, and achieving a win-win situation between suppliers, companies, and customers. We hereby report to all shareholders on the operational status of CastleNet in 2024 and its outlook for 2025.

Description of operations in 2024

CastleNet Technology's consolidated revenue in 2024 was NT \$411.28 million. The net profit after tax was 355.059 million. The final debt ratio for the year 2024 was 47%, the current ratio was 215%, and the quick ratio was 150%. The financial structure and solvency remained stable. In 2024, the overall market size is approaching saturation and showing a shrinking trend due to the accelerated transformation of small and medium-sized customers and the accelerated integration of large customers. In response to the decrease in market demand, the situation of price cutting competition has become increasingly severe. The expected inventory level of customers in Central and South America in the second half of the year has decreased, and the replenishment effect of ordering and pulling goods has not occurred according to the expected schedule. It was not until the fourth quarter that customers gradually placed urgent orders and pulling goods, resulting in the concentration of revenue in the fourth quarter of 2024. However, due to the sluggish market demand in the past two years, suppliers have been driven to be conservative, and the material preparation cycle has been extended. This terminal market demand has been postponed until the first half of 2025, and the future market situation remains to be observed.

Despite the under-performance revenue in 2024, CastleNet still made progress in new product development and business expansion. CastleNet have obtained multiple operator broadband product certifications in Central and South America, including new specifications of Wi Fi OpenSync mesh wireless routing systems and OpenSync cable gateways. The next generation DOCSIS 3.1+/UD4 AI/ML cable gateway and fiber optic network broadband gateway are also being jointly developed and tested with customers.

2025 Operation Plan

Looking ahead to 2025, in the face of economic recession and increasing uncertainty in the global economic, all colleagues at CastleNet have bravely faced severe challenges, making inventory reduction, expanding new customers, and high gross profit products the top priority, bringing digital transformation and sustainable operation to the enterprise. Despite the slowdown in demand and slow destocking, there are still many variables in the annual revenue and profit. In response to this situation, CastleNet is working hard on a new product development plan to reduce the delay or even cancellation of orders caused by customer inventory. CastleNet are actively improving product quality, introducing advanced technology, increasing unit production capacity, and adjusting product combinations to reduce product business with longer development cycles. At the same time, in order to achieve maximum cost-effectiveness, CastleNet is increasing the proportion of high value-added products shipped.

For existing broadband cable end user customers, CastleNet will continue to import DOCSIS 3.1+/UD4 AI/ML cable gateway products. Paired with WiFi 7-mesh wireless routing system and active maintenance cloud management function, it endows the product with the ability to support AI Mesh optimization, lifecycle management, and legal compliance of information security, enhancing the product's competitive advantage.

For customers planning to transform and new customers, CastleNet is accelerating the introduction of new product lines, including fiber optic network broadband gateways and 5G fixed wireless access related products, in order to meet market trends and achieve long-term stable orders and growth goals. The company will also fully leverage the group's advantages in global manufacturing, continuously improving production technology and quality. Introducing AI to improve business and product development processes.

Vision and Outlook

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

With excellent research and development capabilities experience, staying on top of market demand, and an in-depth understanding of customers' future new service operation plans, we can provide products and services that are closer to customer needs, consolidate market positions, and establish long-term and stable cooperation.

We have been committed to operating with integrity as our corporate governance principle to ensure the healthy 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. Lastly, we would like to wish all shareholders good health and all the best of luck.

Sincerely,

CastleNet Technology Inc.

Chairman: Ying Chang

CEO: Ying Chang

II. Corporate Governance Report

2.1. Information on Board Directors, President, Vice Presidents, Assistant Vice Presidents, and Chiefs of Units and Branches

2.1.1. Directors:

2.1.1.1. Directors Information (1):

March 31, 2025

| Title | Nationality | Name | Gender | Age | Date of Assignment | Office Term (Years) | Date of First Elected | Shareholding when Owned Sharew upon Assignment | | Shareholding | | Shareholding held by Spouse and minor Children | | Holding shares in the name of others | | Major Experience & Education | Other key position held in other companies | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Remark |
|-------------------|-------------|-------------------------------|--------|-------|--------------------|---------------------|-----------------------|--|--------|------------------|--------|--|----|--------------------------------------|----|---|--|---|------|----------|--------|
| | | | | | | | | Number of Shares | % | Number of Shares | % | No. of Shares | % | No. of Shares | % | | | Title | Name | Relation | |
| Chairman | Taiwan | Kinpo Electronics, Inc. | - | | 2022.6.27 | 3 | 2016.5.11 | 129,958,907 | 68.90% | 129,958,907 | 67.18% | 0 | 0% | 0 | 0% | M.S., Management, eorge Washington University Senior Vice President of Compal Electronics, Inc. Director of Allied Circuit Co., LTD. | - | - | - | - | - |
| | Taiwan | Representative: Chang, Yi | M | 60-69 | 2022.6.27 | 3 | 2010.7.21 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | | (Note 1) (Note 4) | - | - | - | - |
| Director | Taiwan | Kinpo Electronics, Inc. | - | | 2022.6.27 | 3 | 2010.6.22 | 129,958,907 | 68.90% | 129,958,907 | 67.18% | 0 | 0% | 0 | 0% | B.S., Navigation, Taipei College of Maritime Technology Director of Kinpo Electronics, Inc. | - | - | - | - | - |
| | Taiwan | Representative: Hsu, Wei-Yang | M | 60-69 | 2022.6.27 | 3 | 2022.6.27 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | | (Note 4) | - | - | - | - |
| Director (Note 2) | Taiwan | Kinpo Electronics, Inc. | - | | 2022.6.27 | 3 | 2016.5.11 | 129,958,907 | 68.90% | 129,958,907 | 67.18% | 0 | 0% | 0 | 0% | M.B.A., Pacific Western University Director and General Manager of NKG Advanced Intelligence and Technology Development (Yue Yang) Co., Ltd. | - | - | - | - | - |
| | Taiwan | Representative: Huang, Yu-Hui | M | 60-69 | 2022.6.27 | 3 | 2022.6.27 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | | (Note 4) | - | - | - | - |



| Title | Nationality | Name | Gender | Age | Date of Assignment | Office Term (Years) | Date of First Elected | Shareholding when Owned Sharew upon Assignment | | Shareholding | | Shareholding held by Spouse and minor Children | | Holding shares in the name of others | | Major Experience & Education | Other key position held in other companies | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | | Remark |
|-------------------------------|-------------|-----------------------------------|------------|-----|--------------------|---------------------|-----------------------|--|--------|------------------|--------|--|----|--------------------------------------|----|---|--|---|------|-------|---|--------|
| | | | | | | | | Number of Shares | % | Number of Shares | % | No. of Shares | % | No. of Shares | % | | | Relation | Name | Title | | |
| Director (Note 2) | Taiwan | Kinpo Electronics, Inc. | - | | 2022.6.27 | 3 | 2017.6.13 | 129,958,907 | 68.90% | 129,958,907 | 67.18% | 0 | 0% | 0 | 0% | M.S., Technology Management, Pacific Western University Vice President of Cal-Comp Electronics (Thailand) Public Company Limited, Director and President of Dongguan Kaipu Electronics Co., Ltd. | - | - | - | - | - | - |
| | Taiwan | Representative: Chiang, Tai-Chang | M 50-59 | | 2022.6.27 | 3 | 2017.6.13 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | | (Note 4) | - | - | - | - | - |
| Director (Note 2) | Taiwan | Kinpo Electronics, Inc. | - | | 2022.6.27 | 3 | 2016.5.11 | 129,958,907 | 68.90% | 129,958,907 | 67.18% | 0 | 0% | 0 | 0% | M.A., National Chengchi University. Corporate Governance Officer of Kinpo Electronics, Inc. | - | - | - | - | - | - |
| | Taiwan | Representative: Lin, Cheng-Hsien | M 60-69 | | 2023.11.2 | 1.6 | 2023.11.2 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | | (Note 4) | - | - | - | - | - |
| Director (Note 2) (Note 3) | Taiwan | Kinpo Electronics, Inc. | - | | 2022.6.27 | 3 | 2020.6.22 | 129,958,907 | 68.90% | 129,958,907 | 67.18% | 0 | 0% | 0 | 0% | M.S., International Business, Hsing Wu University Director, SynQ Technology Ltd. | - | - | - | - | - | - |
| | Taiwan | Representative:: Chen, Pei-Yuan | M 60-69 | | 2024.8.30 | 0.8 | 2024.8.30 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | | (Note 4) | - | - | - | - | -- |
| Independent director | Taiwan | Hsu, Sheng-Haur | M 70-79 | | 2022.6.27 | 3 | 2022.6.27 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Oklahoma State University Chairman of Costar Electronics Inc. | (Note 4) | - | - | - | - | - |
| Independent director | Taiwan | Tsai, Chien-Wen | M 70-79 | | 2022.6.27 | 3 | 2022.6.27 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | B.S., Department of Industrial and Systems Engineering, Chung Yuan Christian University Independent Director of Cen Link Co., Ltd. | (Note 4) | - | - | - | - | - |
| Independent director | Taiwan | Fu,Chi-Ching | M 50-59 | | 2022.6.27 | 3 | 2019.6.24 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | B.S., Public Administration, National Chengchi University. President of AlibabaTaiwan & Hong Kong Branch. | (Note 4) | - | - | - | - | - |
| Independent Director (Note 1) | Taiwan | Chen, Yi-Ling | F 40-49 | | 2023.5.30 | 2.1 | 2023.5.30 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | B.A., major in Department of Korean Language and Culture (minor in Department of Accounting), National Chengchi University. CPA, BDO Taiwan | (Note 4) | - | - | - | - | - |

Note 1: If the chairman of the board of directors and the general manager or the person of equivalent position (the top manager) of the company are the same person, spouse or a relative of each other, the reason, rationality, necessity and relevant information (such as increasing the number of independent directors, and more than half of the directors should not concurrently serve as employees or managers, etc.) shall be explained. Mr. Chang, Yi was elected as the chairman of the company and acted as the general manager by the resolution of the board of directors on 27th, June, 2022 until the day when the board of directors re-appointed the general manager. More than half of the directors of the company are not employees or managers. An independent director was added to the company by a resolution at the Shareholders' Meeting on May 30, 2023.

Note 2: Enter the date of first appointment as a director or supervisor of the Company, with an explanatory note if there is any interruption: On May 11, 2016, Kinpo Electronics, Inc. initially elected 4 seats as the representative of directors, with an additional seat added on June 13, 2017. Of the 3 seats in 2016 and 1 seat in 2017, their terms expired on June 24, 2019. Subsequently, 2 seats were elected on June 22, 2020, and 2 seats from 2016 and 1 seat from 2017 were re-elected on August 2, 2021. On June 24, 2022, all directors and independent directors' terms of office had expired. After the full re-election of directors, there are currently 6 directors in office.

Note 3: Kinpo Electronics, Inc. reassigned a representative of director on August 30, 2024. Mr. Hsu, Chieh-Li was reassigned to Mr. Chen, Pei-Yuan.

Note 4: All Directors have other key positions held in other companies as below:

| Title | Name | Key Positions Held in Other Companies | |
|----------|-------------------|---------------------------------------|---|
| Chariman | Chang, Ying | Chariman | Hong-Yi Materials and Products Corporation, Hongyi optical Co., Ltd. |
| Director | Hsu, Wei-Yang | Director | Power Station Holdings Ltd., Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd. |
| Director | Huang, Yu-Hui | Director & President | CastleNet Technology Inc (Kunshan)., NKG Advanced Intelligence and Technology Development (Yue Yang) Co., Ltd. |
| | | Director | ICKP(Beijing) Technology Development Co., Ltd., Cal-Comp Optical Electronics (Yueyang) Co., Ltd., Cal-Comp Optical Electronics (Suzhou) Co., Ltd., Cal-Comp Precision (Yueyang) Co., Ltd., Cal-Comp Precision (Dongguan) Co., Ltd |
| | | Vice President | Kinpo Electronics (China) Co., Ltd. |
| Director | Chiang, Tai-Chang | Director | Cal-Comp Precision (Malaysia) SDN. BHD., Cal-Comp Precision (Singapore) Limited, Cal-Comp Precision (Thailand) Limited, Cal-Comp Semiconductor, Ltd., Cal-Comp Optical Electronics (Yueyang) Co., Ltd., Cal-Comp Electronics(Thailand) Public Company Limited |

| Title | Name | Key Positions Held in Other Companies | |
|----------------------|------------------|---------------------------------------|---|
| Director | Lin, Cheng-Hsien | Director | McTec Taiwan Ltd., Teleport Access Services, Inc., Hongyi optical Co., Ltd., Crownpo Technology Inc., Norm Pacific Automation Corp., iHELPER Inc. |
| | | Supervisor | Cal-Comp Optical Electronics (Yueyang) Co., Ltd., Cal-Comp Precision (Yueyang) Co., Ltd. |
| | | Supervisor | Kinpo Electronics (China) Co., Ltd., Cal-Comp Optical Electronics (Suzhou) Co., Ltd. |
| | | Corporate Governance Officer | Kinpo Electronics, Inc. |
| Director | Chen, Pei-Yuan | Director | Full Power Investment Co.,Ltd |
| Independent Director | Hsu, Sheng-Haur | Chariman | Costar Electronics Inc., Ours Technology Inc. |
| | | Supervisor | Taipei Computer Association |
| Independent Director | Tsai, Chien-Wen | Independent Director | Cen Link Co., Ltd |
| Independent Director | Fu,Chi-Ching | President | Double Flourish Digital Co., Ltd. |
| | | Independent Director | Lukas Biomedical Inc. |
| | | Director | Taiwan Industrial Internet Council |
| Independent Director | Chen, Yi-Ling | Director & Owner | East Surpedia Technologies Development, Ltd. |
| | | CPA | BDO Taiwan |

Significant Shareholders of Legal Entities

April 5, 2025

| Name of Legal entity | Main legal person | Shareholding (%) |
|-------------------------|--|------------------|
| Kinpo Electronics, Inc. | COMPAL ELECTRONICS, INC. | 8.24 |
| | Panpal Technology Corp. | 4.61 |
| | GEBO Limited | 2.77 |
| | Ho Bao Investment Co., Ltd. | 1.99 |
| | Ruey Shinn Co., Ltd. | 1.86 |
| | Li Chu Tsai | 1.44 |
| | UBS Taipei Branch is subject to Li Chu Tsai trust property account | 1.33 |
| | JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 1.18 |
| | Kao-Huang Lin | 1.00 |
| | JPMorgan Chase Bank Taipei Branch is entrusted with the safekeeping of Van Gard Emerging Market Stock Index Fund investment account of the manager of Van Gard Group | 0.99 |

Major shareholders of the major shareholders that are juridical persons

| Name of juridical persons | Major shareholders of the juridical persons | Shareholding (%) |
|---|---|------------------|
| Compal Electronics, Inc (Date: March 31, 2025) | Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF. | 9.21 |
| | Yuanta/P-shares Taiwan Dividend Plus ETF | 5.25 |
| | Kinpo Electronics, Inc. | 3.44 |
| | New Labor Pension Fund | 2.27 |
| | JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 1.29 |
| | Chunghwa Post Co., Ltd. | 1.20 |
| | Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds | 1.19 |
| | JP Morgan Chase Bank Custody ABP Retirement Fund Investment Account | 0.93 |
| | Taiwan Business Bank Co., Ltd. | 0.91 |
| | Labor Insurance Fund | 0.85 |
| Panpal Technology Corp. | Compal Electronics, Inc | 100.00 |
| GEBO Limited | Li-Chu Tsai | 95.39 |
| | Chieh-Li Hsu | 1.77 |
| | Chun-Chi Hsu | 1.42 |
| | Yung-Hsu Hsu | 1.42 |
| Ho Bao Investment Co., Ltd. | Chieh-Li Hsu | 45.76 |
| | Li-Chu Tsai | 20.06 |
| | Chun-Chi Hsu | 17.09 |
| | Yung-Hsu Hsu | 17.09 |
| Ruey Shinn Co., Ltd. | Hsin Chung Chen | 33.34 |
| | Hsin Tso Chen | 33.33 |
| | Hsin Yu Chen | 33.33 |

2.1.1.2. Directors Information (2):

2.1.1.2.1. Disclosure of Professional Qualifications of Directors and the Independence of Independent Directors:

| Name \ Criteria | Professional Qualifications with experiences (Note 1) | Independence Criteria (Note 2) | No. of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|--|---|--|
| Kinpo Electronics, Inc. Representative: Chang, Yi | (1) M.B.A of George Washington University U.S.A., with work experience in KinCompal Group more than 30 years, as Senior vice President in Compal Electronics, Inc. and Chariman, Director, President in the subsidiaries. (2) No breach of any of the provisions of Article 30 of the Company Law. | None of the directors (including independent directors) are related to each other as spouses or relatives within two degrees. | None |
| Kinpo Electronics, Inc. Representative: Hsu, Wei-Yang | (1) He had served as a director of Kinpo Electronics, Inc. and currently holds director positions at Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd. and Power Station Holdings Ltd. He has an international view of the world and expertise in business decision-making and leadership, as well as professional knowledge and insight on issues related to the corporate sustainable environment. (2) No breach of any of the provisions of Article 30 of the Company Law. | | |
| Kinpo Electronics, Inc. Representative: Huang, Yu-Hui | (1) He holds an MBA degree from Pacific Western University in the United States and currently serves as the Senior Vice President of Kinpo Electronics, Inc., responsible for the manufacturing-related business of China factories. With nearly 40 years of experience at NKG Group, he has professional financial and business management capabilities in the electronics and EMS manufacturing industry, as well as professional abilities in operational decision-making and leadership. (2) No breach of any of the provisions of Article 30 of the Company Law. | | |
| Kinpo Electronics, Inc. Representative: Chiang, Tai-Chang | (1) He was the Director and President of Dongguan Kaipos Electronics Co., Ltd., with profound international business marketing expansion capabilities and work experience. He has worked in Kinpo Group for more than 20 years, responsible for the product marketing business of many world-renowned brand | | |

| Name \ Criteria | Professional Qualifications with experiences (Note 1) | Independence Criteria (Note 2) | No. of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|--|---|---|--|
| | <p>manufacturers, and is proficient in marketing-related production process control and product technology and quality issues.</p> <p>(2) No breach of any of the provisions of Article 30 of the Company Law.</p> | | |
| Kinpo Electronics, Inc. Representative: Lin, Cheng-Hsien | <p>(1) The corporate governance supervisor of Kinpo Electronics, Inc. He has professional qualifications and experience in listed company governance and legal compliance, group organization operation and investment management, business analysis management and financial accounting.</p> <p>(2) No breach of any of the provisions of Article 30 of the Company Law.</p> | | |
| Kinpo Electronics, Inc. Representative: Chen, Pei-Yuan | <p>(1) Former Senior Vice President of Compal Electronics, Inc., and previously served as a Director of Kinpo Electronics, Inc. Currently serves as Special Assistant to the Chairman (at Vice President level) at Kinpo Electronics, Inc., with extensive experience in business strategy, leadership, and industry expertise.</p> <p>(2) No breach of any of the provisions of Article 30 of the Company Law.</p> | | |
| Hsu, Sheng-Haur | <p>(1) In 1987, he founded Costar Electronic Inc. with the core values of innovation, efficiency, and harmony. Under his leadership, the company has evolved from a distributor to a professional mechanical keyboard and smart IC card reader ODM manufacturer. In 2003, he took over as Chairman of Ours Technology Inc., which specializes in IC research and development. The business scope expanded from consumer electronics to related products in IoT and smart health management. He has rich professional expertise and practical experience in business management and leadership decision-making..</p> <p>(2) No breach of any of the provisions of Article 30 of the Company Law.</p> | Current Independent Directors have not againsted Articles 3-1 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” in two years before the election and during the term of office. | 0 |
| Tsai, Chien-Wen | <p>(1) From 1997 to 2007, he held various positions at Kinpo Electronics, Inc. including Vice General Manager of Manufacturing Department, Vice General Manager of Management Department, General Manager of China Region, and Spokesperson for Kinpo Electronics, Inc. Later, he served as General</p> | | 1 |

| Name \ Criteria | Professional Qualifications with experiences (Note 1) | Independence Criteria (Note 2) | No. of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|-----------------|--|-----------------------------------|--|
| | <p>Manager of South China Region and Director & General Manager of the Philippines at Leader Electronics, Inc. Currently, he serves as an independent director at Cen Link Co., Ltd., with extensive expertise in group organizational operation and management, cross-national production, manufacturing and sales management of electronics technology conglomerates. He also possesses professional abilities and experience in financial report internal control operation-related analysis as well as deliberation responsibilities as an independent director.</p> <p>(2) No breach of any of the provisions of Article 30 of the Company Law.</p> | | |
| Fu, Chi-Ching | <p>(1) He used to be Senior V.P. of Wealth Management Department in Standard Chartered and general manager of Alibaba Hong Kong and Taiwan., He is currently the general manager of Double Flourish Digital Co., Ltd., independent director of Lukas Biomedical Inc., and President of Taiwan Industrial Internet Association. Currently, he is committed to promoting and coaching Taiwanese enterprises to transform, innovate, and internationalize through 5th generation wireless business applications. He has the knowledge of the network communications industry and the professional qualifications and experience to lead the innovation and transformation of enterprises.</p> <p>(2) No breach of any of the provisions of Article 30 of the Company Law.</p> | | 1 |
| Chen, Yi-Ling | <p>(1) She once served as the team leader of Yadong United Accounting Firm, and now works as a practicing accountant at BDO Taiwan. She has served as a certified accountant for the listed company Tai Roun Products Co., LTD. since 2017. She specializes in the practical application of financial accounting standards and internal control systems, and corporate Organizational structure and transaction process planning. She has extensive experience in auditing public companies and listed companies. She has professional capabilities</p> | | 0 |

| Name \ Criteria | Professional Qualifications with experiences (Note 1) | Independence Criteria (Note 2) | No. of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|-----------------|---|-----------------------------------|--|
| | and practical experience in the scope of independent director responsibilities including analysis of financial reporting and internal control operations. (2) No breach of any of the provisions of Article 30 of the Company Law. | | |

2.1.1.2.2. The Diversity & Independence of the Board of Directors:

2.1.1.2.2.1. Board Diversity: Description of the board's diversity policy, objectives, and implementation status.

1. In accordance with Article 20 of the Company's Corporate Governance Code: The board of directors of the company shall be accountable to the shareholders' meeting, and the operations and arrangements of the corporate governance system shall ensure that the board of directors exercises its functions and powers in accordance with laws and regulations, the company's articles of association or the resolutions of the shareholders' meeting. The structure of the board of directors of the company shall be based on the scale of the company's operation and development and the shareholding situation of its major shareholders, and the needs of practical operation to determine the appropriate number of directors of more than five people. The composition of the board of directors should consider diversity. The Board of Directors should formulate an appropriate diversification policy for the company's own operation, business pattern and development needs, which should include but not be limited to the following two criteria:

- (1) Basic conditions and values: Gender, age, nationality and culture, etc.
- (2) Professional knowledge and skills: professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.
All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:
 1. Ability to make operational judgments.
 2. Ability to perform accounting and financial analysis.
 3. Ability to conduct management administration.

4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make decisions.

According to Article 3-1 of the Company's "Director Election Regulations":
Directors shall have more than half of the seats, and shall not have spouses or relatives within the second degree of kinship.

2. The company adopts the nomination system for director candidates in accordance with the regulations of the company's articles of association, and takes the company's corporate governance code and the regulations for director election as the goal of selecting director candidates to ensure the diversity and independence of directors.
3. The current board of directors consists of 10 members. None of the members have a spousal relationship or are related within the second degree of kinship. Among them, 10% concurrently serve as employees or managers of the Company. Independent directors account for 40% of the board, and female directors account for 10%, meeting the Company's target for female board representation. Among the independent directors, 75% are male and 25% are female. In terms of tenure, 75% have served for less than 3 years, while 25% have served between 3 and 6 years. For information regarding the professional qualifications and experience of board members, as well as the independence of the independent directors, please refer to pages 9-12 of this annual report. For statistical charts showing the distribution of board members by professional field, industry experience, gender, age, nationality, etc., please refer to page 15. The composition of the board has achieved the Company's goal of diversity.
4. Establishment of objectives of corporate board diversity policy: To achieve the objective of corporate board diversity, a target of at least one female board member is established. The Board of Directors resolved to nominate one female independent director candidate at the Board Meeting on March 9, 2023., and she was elected at the Shareholders' Meeting on May 30, 2023. Thereby, achieving the target of at least one female board member.
5. If the number of directors of either gender on the board of directors of a TWSE or TPEx listed company is less than one-third, explain the reasons and the planned measures to be taken to enhance director gender diversity. : In 2023, the Company achieved the goal of having at least one female director. Although the proportion of female directors has not yet reached one-third, the Company will continue to uphold the principle of board diversity by actively identifying and inviting suitable candidates to join the board.

2.1.1.2.2.2. Independence of The board: State the number and proportion of independent directors, and state the independence of the board

of directors, and explain with reasons whether there are no items 3 and 4 stipulated in Article 26-3 of the Securities and Exchange Act, including a description of directors, supervisors or directors spouse and relatives within the second degree are related to the supervisor.

1. The proportion of the members of the current board of directors, please refer to above (1)3.
2. As of the publication date of the annual report, all directors (including independent directors) have spousal relationship or kinship relationship within the second parental level, which complies with the provisions of Items 3 and 4 of Article 26-3 of the Securities and Exchange Act.
3. The independent directors of the company did not have any of the circumstances mentioned in Article 3, Item 1 of the "Measures for the Establishment of Independent Directors of Public Companies and Matters to be Followed" in the two years before their election and during their term of office, and they meet the qualifications for independence as independent directors.

Note:

1. Professional qualifications and experience: state the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated, and whether there is no company law Article 30 of each case.

2. Independent directors shall state their independence, including but not limited to whether they, their spouse, or relatives within the second degree are the directors, supervisors or employees of the company or its affiliated companies; The number and proportion of the company's shares held in the name of another person; whether to serve as a director, supervisor, or supervisor of a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors and Matters to be Obeyed by Public Offering Companies). Persons or employees; the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.



The diversity distribution table of the 9th Board of Directors members:

| Title & Name | | Gender | | Tenure | | Serve as employees or managers of the Company | Age | | | | Main diversified businesses/areas. | | | | | | | |
|--------------------------------------|----------------------|----------------------|--------|----------------------|----------------------|---|-------------------|-------------------|-------------------|------------------------|------------------------------------|-------------------------------------|----------------------------------|-------------------------------|------------------------------|----------------------|------------------------|-----|
| | | Male | Female | Less than 3 years | Between 3 to 6 years | | 40 - 49 years old | 50 - 59 years old | 60 - 69 years old | 70 years old and above | Business management | Internet and communication industry | International trade and commerce | Consumer electronics industry | Production and manufacturing | Financial accounting | Information management | ESG |
| Chairman Chang, Ying | | √ | | | √ | √ | | | √ | | √ | √ | √ | | √ | √ | | |
| Director Hsu, Wei-Yang | | √ | | √ | | | | | √ | | √ | | √ | | | | √ | |
| Director Huang, Yu-Hui | | √ | | √ | | | | | √ | | √ | | | √ | √ | | | |
| Director Chiang,Tai-Chang | | √ | | | √ | | | √ | | | | √ | √ | | | | | |
| Director Lin, Cheng-Hsien | | √ | | √ | | | | | √ | | √ | | | | √ | | √ | |
| Director Chen, Pei-Yuan | | √ | | √ | | | | | √ | | √ | √ | √ | | | | | |
| Independent Director Hsu, Sheng-Haur | | √ | | √ | | | | | | √ | √ | √ | √ | √ | | | | |
| Independent Director Tsai, Chien-Wen | | √ | | √ | | | | | | √ | √ | | | √ | √ | | | |
| Independent Director Fu,Chi-Ching | | √ | | | √ | | | √ | | | √ | √ | √ | | | √ | | |
| Independent Director Chen, Yi-Ling | | | √ | √ | | | √ | | | | | | | | √ | | | |
| Ratio | Director | All Directors | | All Directors | | 10% | 10% | 20% | 50% | 20% | 21% | 13% | 16% | 18% | 8% | 13% | 5% | |
| | 60% | 90% | 10% | 70% | 30% | | | | | | | | | | | | | |
| | Independent Director | Independent Director | | Independent Director | | | | | | | | | | | | | | |
| | 40% | 75% | 25% | 75% | 25% | | | | | | | | | | | | | |

2.1.2. Management Team:

April 30, 2025 (Unit: Share,%)

| Title | Nationality | Name | Gender | Date of Assignment | Shareholding when Owned Shares upon Assignment | | Shareholding held by Spouse and minor Children | | Holding shares in the name of others | | Major Experience & Education | Other key positions held in other companies (Note 3) | Managers are Spouse or within 2 Degrees of Consanguinity Each Other | | | Remark |
|---|-------------|-----------------|--------|--------------------|--|-------|--|-------|--------------------------------------|---|---|--|---|------|----------|--------|
| | | | | | Number of Shares | % | Number of Shares | % | Number of Shares | % | | | Title | Name | Relation | |
| Acting President | Taiwan | Chang, Ying | M | 2020.8.12 | 0 | 0 | 0 | 0 | 0 | 0 | M.B.A of George Washington University U.S.A. Senior Vice President of Compal Electronics, Inc. Director of Allied Circuit Co., Ltd. | Refer to Page 6. | None | None | None | (Note) |
| Vice President | Taiwan | Ting, Pao-Chuan | M | 2018.3.1 | 7,500 | 0.004 | 120,000 | 0.062 | 0 | 0 | Doctoral Candidate of Computer Science, Chiao Tung University President of Edgecore Networks Corporation Director and Vice President of CastleNet Technology Inc. | None | None | None | None | - |
| Vice President | Taiwan | Lo, Hsiao-Wei | M | 2021.3.10 | 187,500 | 0.097 | 0 | 0 | 0 | 0 | Bachelor of International Business, Tamkang University Vice President of Compal Electronics, Inc. | None | None | None | None | - |
| Chief of Finance & Accounting and Corporate Governance Supervisor | Taiwan | Wu, Li-Mei | F | 1998.9.3 | 0 | 0 | 0 | 0 | 0 | 0 | Bachelor of Statistic, Fu Jen Catholic University Senior Manager of CastleNet Technology Inc. | Supervisor of CTI (Kunshan) | None | None | None | - |
| Head of Audit | Taiwan | Chen, Tien-Pao | M | 2013.8.13 | 0 | 0 | 0 | 0 | 0 | 0 | Bachelor of Accounting, Soochow University Project Manager of Audit office of Sampo Corporation | None | None | None | None | - |

(Note) When the general manager or equivalent (top manager) and the chairman are the same person, spouse or first-degree relative, the reasons, rationality, necessity and countermeasures should be disclosed (such as increasing the number of independent directors, and there should be For information on the way that more than half of the directors do not concurrently serve as employees or managers): Please refer to page 6 (Note 1) of this annual report for the relevant description of the position of the chairman of the company acting as general manager.

2.2 Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents

2.2.1. Remuneration of Directors and Independent Directors

Unit: Thousand NTD, %

| Title | Name | Remuneration | | | | | | | | Sum of A+B+C+D and ratio to net income (%) | | Remuneration Received as Employee | | | | | | | | Sum of A+B+C+D+ E+F+G and ratio to net income (%) | | Remuneration on from Invested Companies Other than Subsidiaries |
|-------------------------|----------------------|---------------------|-------|-------------|-------|------------------------------------|---|---------------|----|---|---------------|--|-------|-------------|---|---|---|---|---|---|-----------------|--|
| | | Remuneration (A) | | Pension (B) | | Remuneration to Directors(C) | | Allowances(D) | | | | Salary, Bonus and Special Allowance(E) | | Pension (F) | | Employee Bonus(G) | | | | | | |
| | | | | | | | | | | All Companies in the Consolidated Financial Satements | | | | | | All Companies in the Consolidated Financial Satements | | | | | | |
| | | Cash | Stock | Cash | Stock | | | | | | | | | | | | | | | | | |
| Chariman | Chang, Ying (N 3) | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 | 30 -0.008 | 30 -0.008 | 7,669 | 7,669 | 0 | 0 | 0 | 0 | 0 | 0 | 7,669 -2,168 | 7,669 -2,168 | None |
| Director | Hsu, Chieh-Li (N 4) | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 15 | 15 -0.004 | 15 -0.004 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 -0.004 | 15 -0.004 | None |
| Director | Hsu, Wei-Yang | 0 | 0 | 0 | 0 | 0 | 0 | 25 | 25 | 25 -0.007 | 25 -0.007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25 -0.007 | 25 -0.007 | None |
| Director | Huang, Yu-Hui | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 | 30 -0.008 | 30 -0.008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 -0.008 | 30 -0.008 | 11,325 |
| Director | Chiang,Tai-Chang | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 | 30 -0.008 | 30 -0.008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 -0.008 | 30 -0.008 | None |
| Director | Lin, Cheng Hsien | 0 | 0 | 0 | 0 | 0 | 0 | 25 | 25 | 25 -0.007 | 25 -0.007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25 -0.007 | 25 -0.007 | 5,153 |
| Director | Chen, Pei-Yuan (N 4) | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 10 | 10 -0.003 | 10 -0.003 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 -0.003 | 10 -0.003 | 2,463 |
| Independent Director | Hsu, Sheng-Haur | 120 | 120 | 0 | 0 | 0 | 0 | 30 | 30 | 150 -0.042 | 150 -0.042 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 -0.042 | 150 -0.042 | None |
| Independent Director | Tsai, Chien-Wen | 120 | 120 | 0 | 0 | 0 | 0 | 30 | 30 | 150 -0.042 | 150 -0.042 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 -0.042 | 150 -0.042 | None |
| Independent Director | Fu,Chi-Ching | 120 | 120 | 0 | 0 | 0 | 0 | 30 | 30 | 150 -0.042 | 150 -0.042 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 -0.042 | 150 -0.042 | None |
| Independent Director | Chen, Yi-Ling (N 3) | 60 | 60 | 0 | 0 | 0 | 0 | 30 | 30 | 90 -0.025 | 90 -0.025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 90 -0.025 | 90 -0.025 | None |

Note1: Please describe the remuneration policy, system, standard and structure of independent directors, and describe the relationship with the remuneration amount according to the responsibilities, risks, investment time and other factors:

According to the "Regulations on the Management of Salary and Remuneration of Directors and Managers" approved by the board of directors of the company, independent directors can receive travel expenses and attendance fees because they are also functional committee members. No more than 2% shall be allocated to directors' remuneration; the allocation of directors' remuneration shall take into account the company's annual operating performance and the performance evaluation of the board of directors and individual directors, as well as the rationality of the connection with individual performance and company's operating performance and future risks. It will be processed after deliberation by the Remuneration Committee and the resolution of the Board of Directors.

Note2: Except as disclosed in the above table, the remuneration received by the directors of the company in the most recent year for providing services (such as serving as a consultant for non-employees of the parent company / all companies listed in the financial report / transfer investment enterprises, etc.):None.

Note 3: Please refer Page 6 (Note1)

Note 4: Please refer Page 6 (Note3)

Note5: The directors of the Company have not been provided retirement pensions in any form.

2.2.2. Remuneration of the President and Vice Presidents

Unit: Thousand NTD, %

Unit: Thousand NT\$, %

| Title | Name | Pemuneration(A) | | Pension (B) | | Bouns and Special Allowances(C) | | Employee Bonus (D) | | | | Sum of A+B+C+D and ratio to net income (%) | | Remuneration from Invested Companies other than Subsidiaries |
|-------------------------|-----------------|-----------------|--|-------------|--|---------------------------------|--|--------------------|-------|--|-------|--|--|--|
| | | The Company | All Companies in the Consolidated Financial Sataements | The Company | All Companies in the Consolidated Financial Sataements | The Company | All Companies in the Consolidated Financial Sataements | The Company | | All Companies in the Consolidated Financial Sataements | | The Company | All Companies in the Consolidated Financial Sataements | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| Acting President (Note) | Chang, Ying | 4,335 | 4,335 | 0 | 0 | 3,334 | 3,334 | 0 | 0 | 0 | 0 | 7,669 -2.16 | 7,669 -2.16 | None |
| Vice President | Ting, Pao-Chuan | 2,931 | 2,931 | 108 | 108 | 656 | 656 | 0 | 0 | 0 | 0 | 3,695 -1.04 | 3,695 -1.04 | None |
| Vice President | Lo, Hsiao-Wei | 2,270 | 2,270 | 108 | 108 | 508 | 508 | 0 | 0 | 0 | 0 | 2,886 -0.81 | 2,886 -0.81 | None |

Note: Please refer to Page 6 (Note 1)

2.2.3. Top 5 Remuneration of Management Team

Unit: Thousand NTD, %

Unit: Thousand NTD, %

| Title | Name | Pemuneration(A) | | Pension (B) | | Bouns and Special Allowances(C) | | Employee Bonus (D) | | | | Sum ofA+B+C+D and ratio to netincome (%) | | Remunerati on from Invested Companies other than Subsidiaries |
|---|-----------------|-----------------|--|-------------|--|---------------------------------|--|--------------------|-------|--|-------|--|--|---|
| | | The Company | All Companies in the Consolidated Financial Sataements | The Company | All Companies in the Consolidated Financial Sataements | The Company | All Companies in the Consolidated Financial Sataements | The Company | | All Companies in the Consolidated Financial Sataements | | The Company | All Companies in the Consolidated Financial Sataements | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| Acting President | Chang, Ying | 4,335 | 4,335 | 0 | 0 | 3,334 | 3,334 | 0 | 0 | 0 | 0 | 7,669 -2.16 | 7,669 -2.16 | None |
| Vice President | Ting, Pao-Chuan | 2,931 | 2,931 | 108 | 108 | 656 | 656 | 0 | 0 | 0 | 0 | 3,695 -1.04 | 3,695 -1.04 | None |
| Vice President | Lo, Hsiao-Wei | 2,270 | 2,270 | 108 | 108 | 508 | 508 | 0 | 0 | 0 | 0 | 7,669 -2.16 | 7,669 -2.16 | None |
| Chief of Finance & Accounting and Corporate Governance Supervisor | Wu, Li-Mei | 1,543 | 1,543 | 94 | 94 | 413 | 413 | 0 | 0 | 0 | 0 | 2,050 -0.58 | 2,050 -0.58 | None |

Note 1: "Management personnel" in the "Five Highest Remunerated Management Personnel" means managerial officers of the Company. "Managerial officers" means those falling within the applicable scope defined in 27 March 2003 Order No. Tai-Cai-Zheng-III-0920001301 of the former Securities and Futures Commission, Ministry of Finance. The "five highest remunerated" is calculated as those ranked in the top five in remuneration based on the sum total of the amounts of salary, retirement pay and pension, rewards and special disbursements, and employee profit-sharing compensation (i.e., the sum of items A+B+C+D) received by each of the Company's managerial officers from all companies in the consolidated financial reports. If any concurrently serving director(s) is among those top, fill out this table and also Table (1-1) above.

Note 2: This refers to the salary, duty allowances, and severance pay of each of the five highest remunerated management personnel in the most recent fiscal year.

Note 3: This refers to the amount of all rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, and other remuneration of the five highest remunerated management personnel in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the five highest remunerated management personnel in the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the five highest remunerated management personnel by all companies in the consolidated financial report (including the Company).

Note 6: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 7: a. In this column, specifically disclose the amount of remuneration received by the five highest remunerated management personnel of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. Remuneration means remuneration received by the five highest remunerated management personnel of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

2.2.4. Earnings distribution as employees' remuneration to management team: None.

2.2.5. Analysis of total remuneration (as a percentage of net income) given to directors, general managers and senior vice general managers in all consolidated companies in the most recent two years along with description of the remuneration policies, standards, packages and procedures for defining the their linkage to operating performance and future risk exposure:

2.2.5.1. Ratio of total remuneration to Profit after Income Tax

Unit: %

| Title | Ratio of total remuneration to Profit after Income Tax (%) | | | |
|------------------------------|--|--|-------------|--|
| | 2023 | | 2024 | |
| | The Company | All Companies in the Consolidated Financial Statements | The Company | All Companies in the Consolidated Financial Statements |
| Director (Note) | 211.88 | 211.88 | -2.36 | -2.36 |
| President and Vice President | 306.53 | 306.53 | -4.01 | -4.01 |

Note: Please refer to Page 6 (Note 1).

2.2.5.2. The remuneration of the company's directors and managers shall be in accordance with Articles 22 and 26 of the company's articles of association: The remuneration of the chairman and directors shall be authorized by the board of directors according to the degree of their participation in the operation of the company and the value of their contributions, as well as the consideration of peers. The usual level is negotiated and if the company makes a profit in the current year, it may allocate no more than 2% for the remuneration of directors and no less than 2% for the remuneration of employees, and also according to the company's "Directors and Managers Remuneration Management Regulations", independent directors who also serve as functional committee members can receive travel fees and attendance fees. General directors can receive attendance fees. The remuneration of the Chairman and executives is determined by referencing the latest salary survey reports from 104 CORPORATION to benchmark against industry salary levels. Salaries are calculated based on individual qualifications, professional abilities, and job responsibilities in accordance with the company's personnel regulations. Additionally, the latest salary trend reports from 104 CORPORATION are considered. The company first measures the annual operational results as a baseline according to the performance appraisal management regulations, then calculates individual salary adjustments and bonus bases based on the annual KPI results. These figures are then submitted to the remuneration committee for review and the board of directors for approval.

2.3. Implementation of Corporate Governance

2.3.1. Board of Directors

A total of 4 times meeting of Board of Directors were held in 2024. The attendance of directors was as follows:

| Title | Name (Note 1) | Attendance in Person | By Proxy | Attendance Rate(%) | Remarks |
|----------------------|--|----------------------|----------|--------------------|---|
| Chairman | Chang, Ying Representative of Kinpo Electronics, Inc. | 5 | 0 | 100% | |
| Director | Hsu, Wei-Yang Representative of Kinpo Electronics, Inc. | 4 | 1 | 80% | |
| Director | Huang, Yu-Hui Representative of Kinpo Electronics, Inc. | 5 | 0 | 100% | |
| Director | Chiang, Tai-Chang Representative of Kinpo Electronics, Inc. | 5 | 0 | 100% | |
| Director | Lin, Cheng-Hsien Representative of Kinpo Electronics, Inc. | 4 | 1 | 80% | |
| Director | Chen, Pei-Yuan Representative of Kinpo Electronics, Inc. | 2 | 0 | 100% | The representative of director was changed from Mr. Hsu, Chieh-Li to Mr. Chen, Pei-Yuan on August 30, 2024. |
| Director | Hsu, Chieh-Li Representative of Kinpo Electronics, Inc. | 2 | 1 | 67% | |
| Independent Director | Hsu, Sheng-Haur | 5 | 0 | 100% | |
| Independent Director | Tsai, Chien-Wen | 5 | 0 | 100% | |
| Independent Director | Fu, Chi-Ching | 5 | 0 | 100% | |
| Independent Director | Chen, Yi-Ling | 5 | 0 | 100% | |

Note 1: If the directors and supervisors are legal persons, the names of the legal person shareholders and their representatives shall be disclosed.

Note 2: (1) If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

(2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The inperson attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

Other matters required to be recorded:

A. If the operation of the board of directors meets any of the following situations, the board meeting date, session, agenda items, opinions of all independent directors and the company's handling of the opinions of independent directors shall be stated:

(1) Matters referred to Article 14-3 of the Securities and Exchange Act.

| Board meeting date | Board meeting session | Agenda Items | Independent Directors have objection or qualified opinion. | The Company's handling of independent Directors' opinions |
|--------------------|---|--|--|---|
| 2024.3.11 | The 8 th of the 9 th board | 1.Evaluation of the accountant independence, suitability and AQI information and 2024 Appointment and Remuneration of CPA of the Company. 2.Request for Retroactive Recognition of Lease Assets from Related Parties. 3.Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. 4.Releasing directors from non-competition restrictions. | None | Implemented by the resolution |
| 2024.5.10 | The 9 th of the 9 th board | Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. | None | Implemented by the resolution |
| 2024.8.12 | The 10 th of the 9 th board | 1.Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. 2.Review of Kinpo Electronics' Treasury Stock Distribution. | None | Implemented by the resolution |
| 2024.11.11 | The 11 th of the 9 th board | 1.Establishment of Internal Control and Internal Audit Measures for the Management of Sustainability Information. 2.Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. 3.Review of Kinpo Electronics' Treasury Stock Distribution. | None | Implemented by the resolution |

| 2024.12.26 | The 12 th of the 9 th board | Proposal for the Maturity of SPI Convertible Bonds. | Independent Director Mr. Chi-Ching Fu opted for the redemption proposal due to concerns over the target company's customer concentration and talent retention risks. | Based on the majority decision, three members opted for conversion and one member opted for redemption. The proposal to exercise the SPI CB conversion rights was approved, with the conversion base date set as the date of receipt of the investment approval letter from the local competent authority. |
|---|---|---|---|--|
| <p>(2) Other agenda items that involve the objection or reservation of independent directors of which the opinion is recorded or stated in writing: None</p> <p>B. Director's avoidance of motions in conflict of interest.</p> | | | | |
| Board meeting date | Board meeting session | Agenda Items | Director's avoidance in conflict of interest. | |
| 2024.3.11 | The 8 th of the 9 th board | Request for Retroactive Recognition of Lease Assets from Related Parties. | Director, Kinpo Electronic, Inc. did not participate in the discussion and resolution due to the interests of the parties in this case. The chairman designated Independent director Fu, Chi-Ching as the acting chairman to preside over the decision of this case, and after the acting chairman consulted all the attending directors, they passed the proposal without objection. | |
| | | Releasing directors from non-competition restrictions. | Directors, Kinpo Electronic, Inc., Hsu, Chieh-Li, Chiang, Tai-Chang and Lin, Cheng-Hsien did not participate in the discussion and resolution due to the interests of the parties in this case. The chairman designated Independent director Fu, Chi-Ching as the acting chairman to preside over the decision of this case, and after the acting chairman consulted all the attending directors, they passed the proposal without objection. | |
| 2024.8.12 | The 10 th of the 9 th board | Review of Kinpo Electronics' Treasury Stock Distribution. | Chairman Chang, Ying, temporarily acted as the general manager, did not participate in the discussion and resolution due to the interests of the parties in this case. The chairman designated Independent director Hsu, Sheng-Haur as the acting chairman to preside over the decision of this case, and after the acting chairman consulted all the attending directors, they passed the proposal without objection. | |
| 2024.11.11 | The 11 th of the 9 th board | Proposal for the 2024 Managerial Compensation Plan | Chairman Chang, Ying, temporarily acted as the general manager, did not participate in the discussion and resolution due to the interests of the parties in this case. The chairman designated Independent director Hsu, Sheng-Haur as the acting chairman to preside over the decision of this case, and after the acting chairman consulted all the attending directors, they passed the proposal without objection. | |

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| | | Review of Kinpo Electronics' Treasury Stock Distribution. | Chairman Chang, Ying, temporarily acted as the general manager, did not participate in the discussion and resolution due to the interests of the parties in this case. The chairman designated Independent director Hsu, Sheng-Haur as the acting chairman to preside over the decision of this case, and after the acting chairman consulted all the attending directors, they passed the proposal without objection. |
|--|--|---|--|

C. Information on the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self(or peer) evaluation, and the implementation:

(1) Information on the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self(or peer) evaluation, and the implementation:

| Evaluation cycle | Evaluation Period | Scope of evaluation | Evaluation Method | Evaluation content |
|------------------|-----------------------------|-----------------------|----------------------|--|
| Once a year | From 2024.1.1 to 2024.12.31 | The board | Questionnaire survey | 1.Participation in the Company operation 2.Improvement of the quality of the board of directors' decision making 3.Composition and structure of the board of directors 4.Election and continuing education of directors 5.Internal control |
| | | Individual directors | Questionnaire survey | 1.Alignment of the goals and missions of the company 2.Awareness of the duties of a director 3.Participation in the company operation 4.Internal relationship and communication 5.The director's professionalism and continuing education 6.Internal control |
| | | Functional committees | Questionnaire survey | 1.Participation in the operation of the company 2.Awareness of the duties of the functional committee 3.Improvement of quality of decisions made by the functional committee 4.Makeup of the functional committee and election of its members 5.Internal control |

Note 1: Fill in the cycle on which the board evaluations are performed, for example: performed once per year.

Note 2: Fill in the period covered by the board evaluation, for example: An evaluation was performed of the performance of the board of directors from 1 January 2019 to 31 December 2019.

Note 3: The scope of the evaluation should cover the performance of the board as a whole, the individual directors, and the functional committees.

Note 4: The performance evaluation methods may include internal evaluation by the board, self-evaluations by individual board members, peer evaluations by board members, evaluations external organizations or experts engaged for that purpose, or other suitable method.

Note 5: The evaluation content shall include at least the following based on the scope of the evaluation:

- (1) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control.
- (2) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.
- (3) Evaluation of the performance of the functional committees: degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control.

(2) The evaluation results were reported to the Remuneration Committee and the Board of Directors on March 11, 2025.

(3) The performance evaluation results for the overall Board of Directors, individual directors, Audit Committee, and Remuneration Committee of the company for the year 2024 are as follows:

| Performance evaluation of the Board | | Total Avg.: | 4.84 | A |
|--|------|-------------|------|---|
| Evaluation content | Avg. | Level | | |
| 1. Participation in the Company operation | 4.80 | A | | |
| 2. Improvement of the quality of the board of directors' decision making | 4.87 | A | | |
| 3. Composition and structure of the board of directors | 4.87 | A | | |
| 4. Election and continuing education of directors | 4.82 | A | | |
| 5. Internal control | 4.85 | A | | |
| Performance evaluation of the Board members | | Total Avg.: | 4.68 | A |
| Evaluation content | Avg. | Level | | |
| 1. Alignment of the goals and missions of the company | 4.73 | A | | |
| 2. Awareness of the duties of a director | 4.82 | A | | |
| 3. Participation in the Company operation | 4.57 | A | | |
| 4. Internal relationship and communication | 4.64 | A | | |
| 5. The director's professionalism and continuing education | 4.64 | A | | |
| 6. Internal control | 4.85 | A | | |

| Performance evaluation of Functional committees | | Total Avg.: | 4.95 | A |
|---|------|-------------|------|---|
| - The Audit Committee | | | | |
| Evaluation content | Avg. | Level | | |
| 1. Participation in the operation of the company | 4.85 | A | | |
| 2. Awareness of the duties of the functional committee | 4.96 | A | | |
| 3. Improvement of quality of decisions made by the functional committee | 5.00 | A+ | | |
| 4. Makeup of the functional committee and election of its members | 4.93 | A | | |
| 5. Internal control | 5.00 | A+ | | |
| Performance evaluation of Functional committees | | Total Avg.: | 4.97 | A |
| - The Remuneration Committee | | | | |
| Evaluation content | Avg. | Level | | |
| 1. Participation in the operation of the company | 4.94 | A | | |
| 2. Awareness of the duties of the functional committee | 5.00 | A+ | | |
| 3. Improvement of quality of decisions made by the functional committee | 4.96 | A | | |
| 4. Makeup of the functional committee and election of its members | 5.00 | A+ | | |

(4) Evaluation report analysis:

The board of directors of the company is composed of ten directors with extensive business management and industry experience. Their professional backgrounds cover business management, marketing, manufacturing, industrial technology, corporate governance, international trade and commerce, information management, financial accounting, etc. The attendance rate of directors in 2024 was 94% (100% including delegated attendance), the attendance rate of audit committee members was 100% and remuneration committee members was 100%, indicating that board members and functional committee members actively participated in the operation of the board of directors and functional committees, and contributed their professional efforts to the company's operation. And according to the conclusion of the annual self-assessment, it shows that the members of the board of directors and functional committees have given positive comments on the efficiency and operation of the board of directors, and they all agree that they are operating well and wield influence.

- D. The current year and the last recent year to strengthen the goals of the board of directors (like establishing an audit committee, improving information transparency, etc.) and implementation evaluation:
- (1) In order to meet the requirements of Corporate Governance operations, the company amended Articles of Incorporation to extend the range of the number of directors on March 9, 2022. It was approved by the Shareholder's Meeting on June 27, 2022.
 - (2) In order to establish performance objectives and enhance the operational efficiency of the board of directors, the company formulated the Board and Functional Committee Performance Evaluation Regulation on November 12, 2020. Moreover, to promote diversity among board members, the Procedures for Election of Directors were amended on March 30, 2021. In order to implement corporate governance, the Procedures for Ethical Management and Guidelines for Conduct on May 11, 2022, and formulated Sustainable Development Committee Charter and Risk Management Measures on August 5, 2022, and established Sustainable Development Committee.
 - (3) To enhance the quality of the Company's sustainability information disclosure, on November 11, 2024, the Audit Committee and the Board of Directors approved amendments to the Sustainability Committee Charter and the Risk Management Procedures. The amendments designated the Project Management Office as the dedicated unit responsible for driving and executing the Company's sustainability development and risk management initiatives, with the Audit Committee serving as the supervisory body and the Board of Directors as the highest governance and decision-making authority. The Company also established the Sustainability Best Practice Principles and the Procedures for the Preparation and Verification of Sustainability Reports. In accordance with the guidelines issued by the Taiwan Stock Exchange, a Sustainability Information Management System was established, integrating sustainability information into the Company's internal control and internal audit frameworks. Additionally, the Company issued its inaugural Sustainability Report for the year 2023, which was reviewed by the Audit Committee and approved by the Board of Directors on November 11, 2024. Both the Chinese and English versions of the 2023 Sustainability Report were published on Taiwan's Market Observation Post System and the Company's official website by the end of 2024.
 - (4) To achieve the company's board diversity policy objectives, a target of at least one female director seat was set. Following the board resolution on March 9, 2023, nominating a female independent director candidate, she was successfully elected at the shareholder's annual meeting on May 30, 2023, thus achieving the goal of at least one female director seat.
 - (5) There shall be at least one separate communication meeting a year between the independent directors and the accountant and audit supervisor without the presence of the general directors and management. In recent years, separate communication meetings with independent directors, accountants and audit supervisors were held on March 11, 2024 and March 11, 2025. In addition, separate communication meetings were held quarterly for independent directors and accountants on March 11, 2024, May 10, 2024, August 12, 2024, and March 11, 2025.
 - (6) The company's 2024 performance evaluation results of the board of directors and functional committees were reported to the board of directors on March 11, 2025. According to the overall evaluation results in 2024, the overall operation of the company's board of directors and functional committees is in good condition, in line with corporate governance requirements.
 - (7) Plans to increase the Continuing Education Hours for directors: Starting from 2023, the Financial Supervisory Commission mandates that directors of listed and OTC companies

must complete at least 3 hours of education and training each year. In order to increase the education hours of directors, the company has combined the educational resources of the NKG group to encourage directors to participate in training programs while strengthening the promotion of regulations and requirements from regulatory agencies. The company also periodically recommends training courses from regulatory agencies and qualified educational training institutions to provide relevant courses for directors. The company plans to hold internal training courses for board members by external speakers in the second half of the year.

- (8) Enhanced dissemination of internal shareholding change regulations: In order to familiarize internal personnel with the relevant legal provisions regarding shareholding changes, advisory letters were submitted to internal personnel for reference by the Taipei Exchange on October 2023 and April 2024. Additionally, a report was presented to the board of directors on March 11, 2024, providing relevant legal information and Q&A materials regarding internal shareholding changes.

2.3.2. The Audit Committee

A total of 5 times meeting of Audit Committee were held in 2024. The attendance of independent directors was as follows:

| Title | Name | Attendance in Person | By Proxy | Attendance Rate(%) | Remarks |
|------------------------------------|-----------------|----------------------|----------|--------------------|---------|
| Independent director (Chairperson) | Hsu, Sheng-Haur | 5 | 0 | 100% | |
| Independent director | Tsai, Chien-Wen | 5 | 0 | 100% | |
| Independent director | Fu, Chi-Ching | 5 | 0 | 100% | |
| Independent director | Chen, Yi-Ling | 5 | 0 | 100% | |

Other matters required to be recorded:

1. If the operation of the audit committee meets any of the following situations, board meeting date, session, agenda items, resolution of the audit committee and the company's handling of the opinions of the audit committee shall be stated:

(1) Matters prescribed in Article 14-5 of the Securities and Exchange Act

| Committee meeting date | Committee meeting session | Agenda Items | Resolution of the audit committee | The Company's handling of the audit committee's opinions |
|------------------------|--|---|-----------------------------------|--|
| 2024.3.11 | The 7 th of the 2 nd committee | 1. The Statement of Internal Control System in 2023. 2. 2023 business reports and financial statements of the company. 3. 2023 Proposal of appropriation of profit and loss. 4. Evaluation of the accountant independence, suitability and AQI information and 2024 Appointment and Remuneration of CPA of the Company. 5. Request for Retroactive Recognition of Lease Assets from Related Parties. 6. Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. | Approved as proposed | Implemented by the resolution |
| 2024.5.10 | The 8 th of the 2 nd committee | 1. The Company's Consolidated Financial Statements for 2024 Q1. 2. Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for | Approved as proposed | Implemented by the resolution |

| | | | | |
|------------|---|---|--|--|
| | | Employee Stock Options and Related Matters. | | |
| 2024.8.12 | The 9 th of the 2 nd committee | <ol style="list-style-type: none"> 1. The Company's Consolidated Financial Statements for 2024 Q2. 2. Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. 3. Review of Kinpo Electronics' Treasury Stock Distribution. | Approved as proposed | Implemented by the resolution |
| 2024.11.11 | The 10 th of the 2 nd committee | <ol style="list-style-type: none"> 1. Audit plan for 2025 2. The Company's Consolidated Financial Statements for 2024 Q3 3. Establishment of Internal Control and Internal Audit Measures for the Management of Sustainability Information. 4. Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. 5. Review of Kinpo Electronics' Treasury Stock Distribution. | Approved as proposed | Implemented by the resolution |
| 2024.12.26 | The 11 th of the 2 nd committee | Proposal for the Maturity of SPI Convertible Bonds | Independent Director Mr. Chi-Ching Fu opted for the redemption proposal due to concerns over the target company's customer concentration and talent retention risks. | Based on the majority decision, three members opted for conversion and one member opted for redemption. The proposal to exercise the SPI CB conversion rights was approved, with the conversion base date set as the date of receipt of the investment approval letter from the local competent authority. |

(2) Other matters adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: None

2. In the case of a director's avoidance of conflict of interest, the director's name, agenda item, reason for the avoidance of conflict of interest, the director's participation in the vote on the matter shall be stated: None.

3. The communication between Independent Directors, Chief Internal Auditor and accountants (This shall include the communication on important matters with respect to the company's financial status and operational status, the communication method, result, etc.)

(1) Policy of the communication between Independent Directors and Internal Audit Supervisor:

1. Normally, the audit supervisor may contact the independent directors directly as necessary. The communication is good;
2. In addition to the audit reports received by the independent directors on a monthly basis, the audit supervisor also provides quarterly reports to the independent directors on the significant operations of the Company and its subsidiaries, and has fully communicated with them on the execution and effectiveness of the audit operations;
3. At least once a year, the company arranges a meeting between the independent directors and the auditors and accountants without the presence of the general directors and the management.
4. In addition to regularly inviting independent directors to conduct internal control self-inspection and audit report symposiums, as well as quarterly attendance at the audit committee to report on audit business, the internal audit unit also implements audit projects according to the annual plan, and delivers the audit report to each independent director on a monthly basis after the audit report is completed. If independent directors need to know more about the audit status and follow-up results, they can contact the audit supervisor at any time.

(2) Policy of the communication between Independent Directors and Accountants

1. The Company regularly arranges for its accountants to meet with the independent directors and the governance unit at least once a quarter, and to hold separate communication meetings with the independent directors. The accountant reports to the independent directors at quarterly meetings on the results of financial statement audits and on any new or amended tax laws and regulations, and provides professional insight and advice on matters that the independent directors would like to know more about;
2. At least once a year, without the presence of the general directors and management, the independent director and the audit supervisor and the accountant will hold a separate communication meeting on internal audit and internal control matters;
3. In addition, the accountants and independent directors have their own communication channels, and there is also a mechanism for holding separate communication meetings arranged by the company's stock unit.

(3) Policy of the communication between Independent Directors and Internal Audit Supervisor and accountants:

a. Summary of the communication between Independent Directors and Chief Internal Auditor:

| Date | Communication summary | Actions taken |
|------------|---|--|
| 2024.03.11 | 2023.8~10 audit improvement follow up. | After reporting to the Audit Committee, the report is submitted to the Board of Directors as required. |
| | 2023.11~2024.2 audit plan implementation and improvement follow-up. | |
| | Implementation status of annually applied projects. | |
| 2024.05.10 | 2023.11~2024.1 audit improvement follow up. | After reporting to the Audit Committee, the report is submitted to the Board of Directors as required. |
| | 2024.2~4 audit plan implementation and improvement follow-up. | |
| | Audit symposium for the year 2023 and improvement follow-up of internal control deficiencies. | |
| | Implementation status of annually applied projects. | |
| 2024.08.12 | 2024.2~5 audit improvement follow up. | After reporting to the Audit Committee, the report is submitted to the Board of Directors as required. |
| | 2024.6~8 audit plan implementation and improvement follow-up. | |
| 2024.11.11 | 2024.6~8 audit improvement following up. | After reporting to the Audit Committee, the report is submitted to the Board of Directors as required. |
| | 2024.9~11 audit plan implementation and improvement follow-up. | |

b. Summary of the communication in recent years between independent directors and accountants and management units

| Date | Communication summary | Actions taken |
|------------|---|---------------------------------------|
| 2024.03.11 | <p>After the audit of 2023 financial report, the accountants communicate with the management units about the following</p> <ul style="list-style-type: none"> -Analysis of the company's operating results and financial status. -Scope and Materiality of audit -Key inspection items of annual report -Other matters -Audit Quality Indicators information | Consultation and exchange of opinions |

| | | |
|------------|---|--------------------------------------|
| 2024.05.10 | After the audit of 2024 Q1 financial report, the accountants communicate with the management units about the following -Analysis of the company's operating results and financial status. -Scope and Materiality of audit -Discover of audit -Other matters (including Independence Declaration) -Independence | Consulation and exchange of opinions |
| 2024.08.12 | After the audit of 2024 Q2 financial report, the accountants communicate with the management units about the following -Analysis of the company's operating results and financial status. -Scope and Materiality of audit -Discover of audit -Other matters -Regulatory Updates | Consulation and exchange of opinions |
| 2024.11.11 | After the audit of 2024 Q3 financial report, the accountants communicate with the management units about the following -Analysis of the company's operating results and financial status. -Scope and Materiality of audit -Other matters | Consulation and exchange of opinions |

c. Separate communication meetings between independent directors and accountants in the most recent year

| Date | Communication summary | Recommendations and implementation |
|------------|---|------------------------------------|
| 2024.03.11 | Accountant's audit of 2023 financial statements and exchange of related issues | Consultation |
| 2024.05.10 | Accountant's audit of 2024 Q1 financial statements and exchange of related issues | Consultation |
| 2024.08.12 | Accountant's audit of 2024 Q2 financial statements and exchange of related issues | Consultation |

d. Summary of the communication between Independent directors and Chief Internal Auditor and Accountants

| Date/Meeting | Communication summary | Actions taken |
|--|--|---|
| 2024.03.11 / 2023 Annual Internal Control Self-Assessment and Audit Report Symposium | <u>Report Items</u> : 2023 annual internal control system self-assessment report and the operation of annual audit plan. <u>Discussion Items</u> : Self-evaluation of | Independent directors and CPAs are invited to discuss the implementation status of self-evaluation of internal control and annual audit plan. The independent directors and CPAs shall further learn about and discuss the status of the auditing work. Besides, the independent directors also propose |

| | | | |
|--|--|--|---|
| | | internal control, annual audit report, and discussion of independent directors' suggestions. | relevant suggestions on the pending orders of the business, purchasing, production, and sales unit and whether the information security system is capable of implementing virus implantation test, etc. Besides giving replies regarding the confirmation results, the Auditing Office shall also continually follow up the independent directors' suggestions. |
|--|--|--|---|

4. Annual Work Priorities of the Audit Committee:

The main purpose of the operation of this committee is to supervise the following matters:

1. Appropriate elaboration of financial statements of the Company.
2. Selection, dismissal, independence and performance of CPA.
3. Effectively implementation of internal control of the company.
4. The Company complies with laws and regulations.
5. Control and management of the Company's existing or potential risks.

The terms of reference of the Committee are as follows:

1. The establishment of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The establishment of or amendment to the procedures of handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act, .
4. Matters in which a Director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or dismissal of the head of finance, Accounting, or internal audit officer.
10. Annual financial reports which are signed or sealed by the Chairman, manager, and accounting supervisor, and the second quarter financial report subject to the audit of an accountant.
11. Other material matters as may be required by this Corporation or by the competent authority.

5. Please refer to pages 28-33 of this annual report for the focus and operation of the Audit Committee in 2024. For the professional qualifications and experience of the Audit Committee, please refer to pages 10-12.

Note 1: If an independent director resigns before the end of the year, the date of resignation should be indicated in the remarks column, and the actual attendance rate (%) is calculated based on the number of audit committee meetings and the number of actual attendance during their tenure.

Note 2: Before the end of the year, if there is a re-election of an independent director, the new and old supervisors should be filled in, and the independent director should be stated in the remarks column as the old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee and the actual number of attendances during their tenure.

2.3.3. Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| 1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies? | ✓ | | The Company has established a "Corporate Governance Code" which is disclosed on the Company's website in addition to being uploaded to the Public Information Observatory. | Compliant |
| 2. Shareholding Structure and Shareholder’s Rights | | | | |
| 2.1 Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? | ✓ | | The Company has a spokesperson and has established a "stock operation" policy, and has stock personnel to handle shareholders' concerns and other related matters. | Compliant |
| 2.2 Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? | ✓ | | The Company keeps track of the shareholdings of directors, managers, and major shareholders holding 10% or more of the shares. | |
| 2.3 Does the company establish and execute the risk management and firewall system within its conglomerate structure? | ✓ | | The company and its affiliated companies operate independently, and have formulated the "Transaction Operation Procedures for Related Parties, Specific Companies and Group Enterprises ", "Operational Specifications for Financial Business between Affiliated Companies" and other risk control and firewall mechanisms between affiliated companies. | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| 2.4 Does the company establish internal rules against insiders trading with undisclosed information? | ✓ | | The company has established "Internal Significant Information Processing Operation Procedures" to prohibit behaviors that may involve insider trading or obtaining improper benefits, and has announced them on the internal website and reinforced them through training courses. | |
| 3. Composition and Responsibilities of the Board of Directors | | | | |
| 3.1 Does the Board Develop and implement a diversified policy for the composition of its members? | ✓ | | In accordance with the provisions of Article 20 of the Corporate Governance Code and Article 3-1 of the Director Election Regulations, an appropriate diversity policy based on the Company's own operation, business model and development needs should be formulated for the selection of board members, so as to improve the company's board structure; There are 10 members of the board of directors of the company, of which 4 are independent directors. The target for female board members is at least one seat. For the implementation of the diversity of the board members, please refer to pages 9-15. | Compliant |
| 3.2 Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? | ✓ | | The Audit Committee and the Remuneration Committee have been set up. In the future, other functional committees will be evaluated and set up depending on the actual needs of operation management. | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| 3.3 Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for re-election? | ✓ | | The board of directors of the company approved the performance evaluation method of the board of directors and functional committees on November 12, 2020. The performance evaluation methods include the internal self-evaluation of the board of directors and functional committees, the self-evaluation of directors or other appropriate performance evaluation methods. The performance evaluation shall be completed before the end of the first quarter, and the results of the Board's performance evaluation will be used as a reference for individual directors' remuneration and nomination for reappointment. The company has completed the 2024 board performance evaluation in the first quarter of 2025, and the evaluation results have been submitted to the Remuneration Committee and Board of Directors on March 11, 2025. | Compliant |
| 3.4 Does the Company regularly evaluate the independence of CPAs? | ✓ | | The audit committee of the company regularly evaluates the independence, suitability and AQIs of certified accountants every year, and then reports the evaluation results to the board of directors. The last evaluation was submitted to the Audit Committee for deliberation and passed by the Board of Directors on March 11, 2024. The evaluation mechanism is as follows: | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | <ol style="list-style-type: none"> 1. The certified accountant is required to provide a statement of transcendental independence and provide the accountant's professional background experience. 2. It shall be confirmed that the accountant has no significant financial interest in the company, nor any undue interest. 3. Any accountant whose term of office is not more than seven consecutive years, or whose reappointment interval is not less than two years, and has not worked in the company in two years prior to the certification. 4. The accountant is not allowed to concurrently work for the company to receive a fixed salary, receive any business-related commissions, have any financial loan with the Company, hold shares in the Company, or have any joint investment or benefit-sharing relationship with the Company. 5. The accountants must have relevant electronic industry audit experience. The accountants and their assistants must regularly participate in the evaluation of trade associations or other relevant organizations to ensure honesty, impartiality and independence. <p>Evaluation conclusion:</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| | | | There is no doubt that the certified accountant is not independent and competent. | |
| 4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders’ meetings, and producing minutes of board meetings and shareholders’ meetings)? | ✓ | | The Finance and Accounting Department shall be the deliberative unit of the Board of Directors. By resolution of May 10, 2023, the Board of Directors has designated the Head of Corporate Governance to be responsible for corporate governance and matters related to the operation of the shareholders' meeting and the Board of Directors, including but not limited to providing information necessary for the directors to perform their duties, assisting the directors in complying with laws and regulations, handling matters related to the meetings of the Board of Directors and the shareholders' meeting in accordance with the law, and preparing the minutes of the Board of Directors and the shareholders' meeting. | Compliant |
| 5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities? | ✓ | | The company has a specific division for stakeholders on the company's website as a channel for communication with stakeholders, including: customers, product users, suppliers, investors and employees, etc. There is also a staff mailbox inside the company to respond to issues of concern to stakeholders. | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| 6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs? | ✓ | | MasterLink Securities Corp. has been appointed as the stock agency responsible for handling shareholder affairs and meetings. | Compliant |
| 7. Information Disclosure | | | | |
| 7.1 Does the company have a corporate website to disclose both financial standings and the status of corporate governance? | ✓ | | The company website: http://www.castlenet.com.tw . Information on financial standings, corporate governance and other relevant matters has been disclosed on the company website. | Compliant |
| 7.2 Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? | ✓ | | The company has assigned a special person to be responsible for the collection and disclosure of company information, and has set up an English website and implemented a spokesperson system. In addition, the Company was invited to participate in an online investor conference by MasterLink Securities to present an overview of the company’s operations on December 26, 2024. The presentation materials and video from the briefing were uploaded to the company's website and the Market Observation Post System for investors to view. | Compliant |
| 7.3 Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly | | ✓ | The company announces and declares the annual financial report within 75 days after the end of the accounting year according to the regulations; announces and declares the first, second, and third quarter financial reports within 45 days at the end of | The company is aware that the announcement and reporting will be completed within the time limit stipulated by |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|--|----|---|--|
| | Yes | No | Abstract Illustration | |
| operation results, before the prescribed time limit? | | | each quarter and announces revenue information monthly. | the law; the annual financial report has not been able to complete the announcement and reporting within 2 months. |
| 8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? | ✓ | | Please refer to Item 10 of this table. | Compliant |
| 9. Explanation of the improvements which have been made in accordance with results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock | 1. To enhance the effectiveness of the board of directors and increase board diversity, please refer to pages 26-27 for details on the implementation status. 2. In line with the efforts of the competent authorities to improve the quality of information disclosure and strengthen the integration of English information disclosure with international standards, in addition to increasing the upload of financial reports in English from the fourth quarter of 2021, the publication of major | | | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|--|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| Exchange, And Provide the priorityenhancement measures. | | | <p>information, notice of meeting and meeting handbooks in English from 2022, we have issued English-language annual reports since 2023. Additionally, we have added English versions of corporate governance information, financial information, and shareholder meeting information to our corporate website.</p> <p>3. To coordinate with the competent authority’s improvement of the efficiency of the application for equity change in Article 25 of the Securities and Exchange Act, the company has completed the compilation of application data around the 5th day of each month in advance since the year 2023. Such data is submitted to the stock agency department to ensure that the application for change in insiders’ shareholding can be completed before the tenth day of each month.</p> <p>4. To enhance the disclosure of sustainability-related information, the Company has continued to update the Sustainability Committee section of its official website, including the addition of the third-party assurance statement for the greenhouse gas inventory and the latest sustainability report.</p> <p>5. In the future, the operations related to the sustainable development of the enterprise, risk management and the safety management of information and communication will continue to be carried out and implemented gradually, depending on the overall operational considerations and planning of the company.</p> | |
| <p>10. Other information for corporate governance works:</p> <p>1. Employee rights and employee care: Please refer to the description of “Labor-capital Relations” in this annual report.</p> <p>2. Investor relations: The company has special personnel to deal with investor-related matters. In addition to a spokesperson, there is an investor division on the company’s website to provide relevant information.</p> <p>3. Supplier relationship: The company has established supplier management procedures and formulated a group supplier code of conduct in accordance with the Responsible Business Alliance (RBA) code of conduct, requiring suppliers to comply with all local relevant laws and</p> | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|-----------------------|--|
| | Yes | No | Abstract Illustration | |
| <p>regulations when operating the company's business. Their suppliers are required to abide by relevant social responsibilities, so as to work together to enhance corporate social responsibility and create a win-win partnership.</p> <p>4. Rights of stakeholders: The company website has a specified division for stakeholders, through which all stakeholders can communicate with the company and make suggestions. It also has a code of ethics, internal important information processing operations, a code of integrity management and its operating procedures and behavior guidelines, which serve as the basis for integrity management to safeguard the rights and interests of stakeholders.</p> <p>5. Implementation of risk management policies and risk measurement standards: please refer to pages 70-72.</p> <p>6. Implementation of customer policy: The company has passed ISO9001/TL9000 certification, meets customer needs with high-quality products and services, and maintains good and stable cooperative relations with customers to create company profits.</p> <p>7. The situation where the company purchases liability insurance for directors and supervisors: The company purchases liability insurance for all directors on an annual basis.</p> <p>8. Intellectual property management plan: In 2011, the company formulated the "Measures for Rewarding Inventions and Creation" to encourage employees to file patent applications. In addition to contacting and cooperating with external patent firms, the company will also conduct searches and careful evaluation of others' intellectual property rights in order to reduce risks and actively maintain the rights and interests of the company and shareholders; and for the purpose of protecting confidential information and business secrets, transparent, practical and effective compliance standards were established, and "Classification Measures for Confidential Information" were formulated.</p> | | | | |



2.3.4. The Remuneration committee

1. Information of Members of the Remuneration Committee

31st, December, 2024

| Title | Name | Criteria | | |
|---------------------------------|-----------------|---|------------------------------|---|
| | | Professional Qualification as with experiences (Note) | Independence Criteria (Note) | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
| Independent director (Convener) | Hsu, Sheng-Haur | Please refer to Pages 10-14 | | 0 |
| Independent director | Tsai, Chien-Wen | | | 1 |
| Independent director | Fu, Chi-Ching | | | 1 |

Note:

- Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an independent director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (1) on p. _____. For "Capacity," please specify whether the member is an independent director or other (if the member is the convener, please note that fact).
- Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.
- Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

2. Information of Remuneration Committee Operations

(1) The Company's Remuneration Committee had 3 members.

(2) The term of this committee member is from June 27, 2022 to June 26, 2025. A total of 2 times meeting of the Remuneration Committee was held in 2024. The attendance of independent directors was as follows:

| Title | Name | Attendance in Person | By Proxy | Attendance Rate(%) | Remarks |
|--|-----------------|-------------------------|----------|-----------------------|---------|
| Convener | Hsu, Sheng-Haur | 2 | 0 | 100% | |
| Committee Member | Tsai, Chien-Wen | 2 | 0 | 100% | |
| Committee Member | Fu,Chi-Ching | 2 | 0 | 100% | |
| Other notes: | | | | | |
| 1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, the session, the nature of motion, the resolution made by the board of directors, and the Company’s response to the remuner ation committee’s opinion (eg., if the amount of remuneration passed by the Board of Directors exceeds | | | | | |



the remuneration committee's recommended amount, the circumstances and cause for the difference shall be specified): None.

2. If resolutions of the remuneration committee are objected by members or become subject to a qualified opinion, which have been recorded or declared in writing, then the date of the meeting, the session, the nature of the motion, all members' opinions and the response to members' opinion should be specified: None.

Note 1: If a member of Remuneration Committee resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of Remuneration Committee and the number of actual attendance during the term of office.

Note 2: Before the end of the year, if there is a re-election of Remuneration Committee, the new and old members of Remuneration Committee should be filled in, and the remarks column should indicate the old, new or re-appointed and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings held by Remuneration Committee and the number of actual attendances during the term of office.

3. Duties of Remuneration Committee:

The committee shall, with the attention of good managers, faithfully perform the following functions and powers, and submit the recommendations to the Board of Directors for discussion:

1. Formulating and regularly reviewing the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers of the Company.

2. Regularly evaluating the salaries of the Company's directors and managers.

4. In the most recent year, the Company's Remuneration Committee convened to discuss the following matters.

| Committee Meeting Date | Committee Meeting Session | Agenda Items | Resolution | The Company's handling of the remuneration committee's opinions |
|------------------------|--|--|---|---|
| 2024.05.10 | The 4 th of the 5 th committee | 1. Annual salary adjustment for managers in 2024 2. 2024 Dragon Boat Festival and Mid-Autumn Festival bonus payment | 1. After all the attending members discussed and reached a consensus, a resolution was made to suspend the annual salary adjustment for managers. This propose will be submitted for discussion again in the fourth quarter in consideration of the operating performance. 2. Passed as proposed | Implemented by resolution. |
| 2024.11.11 | The 5 th of the 5 th committee | 1. Proposal for the 2024 Managerial Compensation Plan 2. 2024 year-end bonus payment for managers 3. Review of Kinpo Electronics' Treasury Stock Distribution. | 1. Passed as proposed 2. After discussion among all attending committee members, it was unanimously resolved that the proposal would be revisited after the finalization of the 2024 financial statements. 3. Passed as proposed | Implemented by resolution. |

2.3.5. Fulfillment of sustainable development and Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| 1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors? | ✓ | | In 2022, the Company established the Risk Management Policy and, in the same year, set up the Sustainable Development Committee to formulate, promote, and strengthen action plans for key sustainability policies of the Company and its subsidiaries. Under the Committee, seven working groups were established based on ESG topics, with members comprising department heads and other designated personnel. On November 11, 2024, a resolution was approved by the Audit Committee and the Board of Directors designating the Project Management Office as the dedicated unit of the Sustainable Development Committee, with its senior executive serving as the responsible officer; the Audit Committee serves as the supervisory body, and the Board of Directors as the highest decision-making and governance authority. The dedicated unit is tasked with promoting and implementing rolling and proactive reviews, tracking, and revisions of the execution and effectiveness of the sustainability initiatives carried out by each working group. It is also responsible for the oversight and governance of climate-related risks and opportunities and is required to report to the Audit Committee and the Board of Directors at least once a year. | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | The Sustainable Development Committee's seven working groups cover: Environmental and Ecological Protection, Occupational Safety, Product Safety, Corporate Governance, Ethical Management, Risk Management, and Information Security. All are driven and executed under the coordination of the Committee's dedicated unit. Among them, the Risk Management Working Group is responsible for the Company's risk management policies. In accordance with the risk identification items set forth in the Company's Risk Management Policy, risks are categorized into five major areas: environmental, social (including occupational safety and product safety), corporate governance, information security, and operational and financial risks. These classifications help define acceptable risk tolerance levels, prevent potential losses, create value for investors and stakeholders, and achieve optimal resource allocation to ensure the successful attainment of the Company's sustainable development goals. | |
| 2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?(Note 2) | ✓ | | Risk management policy and risk assessment of environmental, social and corporate governance issues related to company operations: 1. The company has formulated "Risk Management Measures" to establish a risk warning system for risks that may endanger the company's operations, production and shipments, raw | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>material supply, employee and asset safety, information security, etc., and to minimize the possible impact of risk occurrence through the implementation of risk control in the internal control system.</p> <p>2. The Company has established a “Risk Management Team” composed of senior executives from various departments, responsible for identifying, analyzing, assessing, and responding to risks within their respective units. This ensures the effective implementation of risk management and related control procedures. In coordination with the dedicated unit of the Sustainable Development Committee, the team provides relevant information for consolidation, evaluation, reporting, and timely adjustments as needed.</p> <p>The dedicated unit for sustainability is responsible for formulating and establishing the overall risk management framework, reviewing and assessing the risks identified by each business unit along with their corresponding response measures and implementation status. It also considers the impact of various risks from an overall company perspective and facilitates cross-departmental interaction and communication in risk management.</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons | | | | | | | | | | | | | | | |
|---|---|----|--|---|-----------------------|-------------|--|---------|---------------------|----------------|----------------------|--|---|---------------------------------|----------------------|--|---|--|--|
| | Yes | No | Abstract Explanation | | | | | | | | | | | | | | | | |
| | | | <p>The results and status of implementation shall be reported at least once a year to the Audit Committee for review and subsequently to the Board of Directors.</p> <p>3. Risk management process of the Company: The company manages according to the procedures of risk identification, risk assessment, risk control, risk monitoring and communication management.</p> <p>1. Risk identification: The company faces the following risks:</p> <table><tr><th>Topics</th><th>Risk Assessment Items</th></tr><tr><td>Environment</td><td>Environmental protection and ecological conservation</td></tr><tr><td rowspan="2">Society</td><td>Occupational safety</td></tr><tr><td>Product safety</td></tr><tr><td rowspan="3">Corporate governance</td><td>Internal control and compliance with the law</td></tr><tr><td>Strengthening the functions of directors and implementing the responsibilities of directors</td></tr><tr><td>Communication with stakeholders</td></tr><tr><td colspan="2">Information security</td></tr><tr><td colspan="2">Evaluation and Analysis of Other Operational Risks (Note)</td></tr></table> <p>(Note) Including an analysis of the various types of risks required to be disclosed by the annual report</p> | Topics | Risk Assessment Items | Environment | Environmental protection and ecological conservation | Society | Occupational safety | Product safety | Corporate governance | Internal control and compliance with the law | Strengthening the functions of directors and implementing the responsibilities of directors | Communication with stakeholders | Information security | | Evaluation and Analysis of Other Operational Risks (Note) | | |
| Topics | Risk Assessment Items | | | | | | | | | | | | | | | | | | |
| Environment | Environmental protection and ecological conservation | | | | | | | | | | | | | | | | | | |
| Society | Occupational safety | | | | | | | | | | | | | | | | | | |
| | Product safety | | | | | | | | | | | | | | | | | | |
| Corporate governance | Internal control and compliance with the law | | | | | | | | | | | | | | | | | | |
| | Strengthening the functions of directors and implementing the responsibilities of directors | | | | | | | | | | | | | | | | | | |
| | Communication with stakeholders | | | | | | | | | | | | | | | | | | |
| Information security | | | | | | | | | | | | | | | | | | | |
| Evaluation and Analysis of Other Operational Risks (Note) | | | | | | | | | | | | | | | | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>preparation guidelines and an assessment of the risks of the Company's major operating activities</p> <p>2. Risk assessment: Each business execution unit defines the risks within the company's risk management scope, analyzes and identifies them, assesses their impact on the company, and formulates countermeasures as the basis for risk management.</p> <p>3. Risk control and monitoring:</p> <p>(1). It is the risk of each unit's daily operation activities, and the risk control is executed by each responsible unit.</p> <p>(2). For critical cross-departmental crisis incidents, the Risk Management Team will conduct cross-departmental risk assessment, identify feasible strategies for preventing crisis incidents, and formulate treatment procedures and recovery plans based on the crisis incidents.</p> <p>4. Risk communication:</p> <p>(1). In addition to disclosing relevant information in accordance with the regulations of the competent authorities, the Company also discloses risk management-related information in its annual report and on its website.</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>(2). The top executive of the Sustainable Development Committee or his or her designee will report to the Board of Directors on the operation and implementation of risk management on a regular basis each year.</p> <p>4. The scope of the disclosure covers the company's sustainable development performance in its main locations between June 2024 and April 2025. The risk assessment boundary is mainly based on the Company (Taiwan), and overseas subsidiaries are included in the scope when appropriate based on the relevance to the operating business and the degree of impact on major themes.</p> <p>5. Based on the assessed risks, relevant risk management policies or strategies will be formulated. Please refer to pages 70-72 of this annual report for the relevant assessment.</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| 3. Development of sustainable environment | | | | |
| 3.1 Does the company establish proper environmental management systems based on the characteristics of its industries? | ✓ | | <p>The company has obtained ISO9001/TL9000 and R6.3/R5.7(H) certification and complies with RoHS, REACH and CMRT environmental protection requirements. The products sold meet energy efficiency, safety regulations, and electromagnetic compatibility standards.</p> <p>The company continues to undergo third-party verification and conducts annual greenhouse gas inventories in accordance with ISO14064-1 standards to track emissions reductions and publicly disclose the results on our company website. Additionally, the company has obtained grade-B total score on the CDP climate change platform, but also signed to join Science Based Targets initiative (SBTi) and became a supporter for the climate-related financial disclosures. The SBT carbon reduction target jointly submitted with Kinpo Group also passed its organizational review and began implementation in September 2024.</p> | Compliant |
| 3.2 Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? | ✓ | | <p>The company is committed to advancing the concept of green energy in product research and development, production, and sales, and improving the utilization efficiency of various resources to achieve optimal use of raw materials and minimize environmental impact. For example, production materials comply with RoHS,</p> | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | REACH and CMRT environmental protection requirements, product designs meet the latest energy efficiency standards and various international regulations, recycled materials are introduced into packaging, using multi-purpose packaging materials to save on packaging usage and further reduce transportation costs, and paper is effectively reused in the office. At the same time, renewable energy is used, and excessive packaging is avoided, to lower the impact on the environment. | |
| 3.3 Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter these issues? | ✓ | | The company is aware of the impact of climate change on the global environment and operating activities. We have formulated energy-saving and carbon-reduction policies and thoroughly implement them in daily operations, such as: office air-conditioning temperature control, timing automatic shutdown, and timing automatic shutdown office power during lunch break to reduce power consumption, etc. The product design uses renewable and environmentally friendly materials and new generation design to improve energy efficiency and reduce production waste. Also, renewable energy and minimal product packaging have been introduced to lower the extra carbon price expenditure resulting from greenhouse gas emissions. The company also synchronously identifies feasible opportunities, and discusses and formulates response measures. In the aspect of climate change mitigation, the company | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | develops projects like green operation, energy management, and carbon emission disclosure. | |
| 3.4 Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on greenhouse gas reduction, water reduction, or waste management? | ✓ | | <p>1. Greenhouse gas management</p> <p>Management Strategy The Company is aware of the impact of climate change on the Earth's environment and business activities, and has developed energy conservation and carbon reduction policies which are thoroughly implemented in our daily operations, such as temperature control of office air conditioning, automatic shutdown at regular intervals, and timing automatic shutdown office power during lunch break to reduce electricity consumption.</p> <p>Reduction Target The Company's greenhouse gas emission reduction target is a 2% reduction from the base year for Phase I (2022-2025) and a 10% reduction from the base year for Phase II (2025-2030) with a rolling review.</p> <p>Budget and Planning The company is continuously committed to sustainable corporate development in harmony with the environment. In terms of energy conservation</p> | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons | | | | | | | | |
|---------------------|-----------------------|---------|--|---|---------|---------|---------|---------------------|-------|-------|-------------------------|--|
| | Yes | No | Abstract Explanation | | | | | | | | | |
| | | | <p>management, our management policy aims to "reduce energy use" and "improve energy efficiency", and we are implementing energy conservation improvements in three major directions: "lighting", "air conditioning", and "energy management".</p> <p>Carbon reduction effect for customers</p> <p>When shipping products, the company continues to ship products in the original packaging materials (that is, completely reuse of the original packaging), and does not increase the use of additional packaging materials, including cartons, shock-proof materials and parts boxes.</p> <p>The Company has completed the inventory and third party verification for Scope 1 and 2 in 2024 and with the Group in 2023. The certificate has been uploaded to the company's website.</p> <p>The following data is the base year greenhouse gas emission data of CastleNet</p> <table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th></tr><tr><td>2021 (base year)</td><td>37.65</td><td>91.01</td><td>No statistics available</td></tr></table> <p>The Company's greenhouse gas emissions for the last 2 years:</p> | Year | Scope 1 | Scope 2 | Scope 3 | 2021 (base year) | 37.65 | 91.01 | No statistics available | |
| Year | Scope 1 | Scope 2 | Scope 3 | | | | | | | | | |
| 2021 (base year) | 37.65 | 91.01 | No statistics available | | | | | | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons | | | | | | | | | | | | |
|-----------------|-----------------------|---------|---|---|---------|---------|---------|------|-------|--------|-------------------------|------|-------|--------|-------------------------|--|
| | Yes | No | Abstract Explanation | | | | | | | | | | | | | |
| | | | <div>(Scope 1, 2 for Taiwan factory information) T /CO2e</div> <table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th></tr><tr><td>2023</td><td>15.68</td><td>132.72</td><td>No statistics available</td></tr><tr><td>2024</td><td>22.97</td><td>104.20</td><td>No statistics available</td></tr></table> <p>The total greenhouse gas emissions of Category 1 and Category 2 in 2024 are 127.17 tons, a decrease of 1.16% compared to 2021 (base year). This is mainly due to the implementation of nap time and off work lights on each office floor in 2024, as well as the adjustment of air conditioning off time. However, due to the addition of a fourth floor office in 2024, the carbon reduction ratio has not decreased significantly.</p> <p>In addition, following the footsteps of the group, we passed the SBT target review in September 2024 and began implementing carbon reduction targets.</p> <p>2. Water Resources Management</p> <p>The company has been paying attention to the issue of energy conservation and environmental protection of water resources for years. In terms of water conservation plan, we start from the full implementation of daily life water conservation.</p> | Year | Scope 1 | Scope 2 | Scope 3 | 2023 | 15.68 | 132.72 | No statistics available | 2024 | 22.97 | 104.20 | No statistics available | |
| Year | Scope 1 | Scope 2 | Scope 3 | | | | | | | | | | | | | |
| 2023 | 15.68 | 132.72 | No statistics available | | | | | | | | | | | | | |
| 2024 | 22.97 | 104.20 | No statistics available | | | | | | | | | | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons | | | | | | |
|-----------------|--------------------------------|----|--|---|--------------------------------|------|-------|------|-------|--|
| | Yes | No | Abstract Explanation | | | | | | | |
| | | | <p>Water consumption of the Company in recent 2 years (tons):</p> <table><tr><th>Year</th><th>Total water consumption (tons)</th></tr><tr><td>2023</td><td>1,180</td></tr><tr><td>2024</td><td>1,840</td></tr></table> <p>Management policy and reduction target</p> <p>The company mainly uses water for infrastructure, such as domestic water for employees. The water sources are all from the Taipei Water Supply Service, and no water is taken from rivers, lakes or groundwater sources, so there is no significant impact on the water sources and possible impact on community water use. In order to continuously promote water conservation, we strengthen the management and replacement of water-saving facilities in the factory, and inspect and repair water piping and fire protection piping, as well as advocate employees to achieve the goal of improving water conservation efficiency through water use behavior change. However, compared to 2023, the water consumption in 2024 has increased, and the main department has leased an additional office floor, resulting in an increase in water usage for the ice water main unit and personnel.</p> <p>Implementation of Water Conservation Policies:</p> | Year | Total water consumption (tons) | 2023 | 1,180 | 2024 | 1,840 | |
| Year | Total water consumption (tons) | | | | | | | | | |
| 2023 | 1,180 | | | | | | | | | |
| 2024 | 1,840 | | | | | | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons | | | | | | |
|-----------------|---------------------------|----|--|---|---------------------------|------|------|------|------|--|
| | Yes | No | Abstract Explanation | | | | | | | |
| | | | <div>(1) Water-saving slogans were posted to encourage employees to develop the habit of turning off taps promptly.</div> <div>(2) Leaks must be reported immediately to prevent water waste.</div> <div>(3) Water usage in public areas, such as pantries and restrooms, was reduced by adjusting water flow rates.</div> <div>(4) Water-saving devices were installed, including aerator faucets at handwashing stations and dual-flush systems in women’s restrooms.</div> <div>3. Waste Management</div> <div>The company only generates general household waste and business waste, etc.</div> <div>Waste volume of the company in the last 2 years (tons):</div> <table><tr><td>Year</td><td>Total waste volume (tons)</td></tr><tr><td>2023</td><td>8.81</td></tr><tr><td>2024</td><td>6.58</td></tr></table> <div>Waste management policy and reduction target</div> | Year | Total waste volume (tons) | 2023 | 8.81 | 2024 | 6.58 | |
| Year | Total waste volume (tons) | | | | | | | | | |
| 2023 | 8.81 | | | | | | | | | |
| 2024 | 6.58 | | | | | | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>The company focuses on source management for waste reduction operations, treating the source area as "employee household waste". Among them, employee household waste management aims to improve lunch quality, reduce kitchen waste, and promote reduction and classification management to enhance resource utilization and its value; At the moment, the company has no process waste. The centralized treatment of industrial waste is aimed at classification and safety, and is carried out by legitimate waste disposal operators. At the same time, it also cooperates with resource recycling operators to improve the value of resource utilization and reduce waste.</p> <p>Implementation Status:</p> <ul style="list-style-type: none"> (1) Resources such as used batteries, toner cartridges, and paper are properly sorted for recycling. (2) Waste generated by the Company is disposed of in accordance with legal regulations, ensuring zero pollution and no penalties. (3) Most of the Company's waste consists of general household waste, food scraps, and a small amount of used batteries. In 2024, all waste was handled by a licensed cleaning | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>company commissioned by the Liancheng Office Building Management Center.</p> <p>4. Energy Management</p> <p>Improving energy efficiency</p> <p>The company is continuously committed to sustainable corporate development in harmony with the environment. In terms of energy conservation management, our management policy aims to "reduce energy use" and "improve energy efficiency", and we are implementing energy conservation improvements in three major directions: "lighting", "air conditioning" and "energy management".</p> <p>Implementation Status:</p> <p>Replacement of equipment with energy-efficient models:</p> <p>(1) Replacement of lighting with LED fixtures.</p> <p>(2) Improvement of air conditioning efficiency.</p> <p>(3) Indoor insulation enhancements to reduce heat and improve cooling.</p> <p>Policy on the use of recycled materials</p> <p>As a multinational company of Netcom products, we are committed to environmental protection with the care for the society, and we</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | continue to move towards the green concept in the design, production, packaging, sales and service of our products, and follow the policies of compliance with regulations and customer satisfaction; energy saving and green design; pollution prevention and resource recycling. Our products are designed using environmentally safe and recycled materials, and we have introduced new generation designs to improve energy efficiency and reduce production waste. | |
| 4. Social issues | | | | |
| 4.1 Does the company formulate appropriate management policies and procedures according to relevant regulations and the international Bill of Human Rights? | ✓ | | The company abides by relevant labor laws and regulations and respects internationally recognized basic labor rights, protects the legitimate rights and interests of employees and adopts non-discriminatory employment policy. | Compliant |
| 4.2 Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries? | ✓ | | <p>1. The company regularly organizes various employee education and training and performance appraisals, which are combined with salary adjustments, promotions, rewards and punishments, in addition to maintaining work discipline and creating incentives for employees to work, thereby forming a virtuous circle and improving operational performance.</p> <p>2. The company has an employee suggestion box, a specific division for stakeholders on the website, and an employee mailbox as a channel for appeals to safeguard the basic rights and interests of employees.</p> | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>3. The company regularly holds labor-management meetings to achieve the purpose of good communication between labor and management, and also has the Occupational Safety and Health Office on labor safety and health to take care of employees' physical and mental health and safety maintenance, and takes "employee care" as the highest principle.</p> <p>4. Please refer to pages 101-102 and 125-127 for the company's employee welfare programs and employee remuneration.</p> | |
| 4.3 Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? | ✓ | | Please refer to Pages 64-72. | Compliant |
| 4.4 Does the company provide its employees with career development and training sessions? | ✓ | | <p>The company regards all colleagues as the company's most important assets. In addition to providing professional knowledge and skills training, it also encourages employees to pursue self-education and lifelong learning to meet the challenges of the market and environment.</p> <p>Please refer to pages 90-92 and 126-127 for the employee education, training and implementation status in 2024.</p> | Compliant |
| 4.5 Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer | ✓ | | 1. Customer health and safety, customer privacy, marketing and labeling of products and services of the company are handled in accordance with relevant laws and regulations, and the principle of fair trade. | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented? | | | <p>2. The company's products comply with RoHS, REACH, and CMRT environmental protection standards, and the stakeholder division of the website provides complaints and communication channels for customers, consumers and suppliers to protect the rights and interests of our customers.</p> <p>3. The Company has set up an customer service department in Quality Assurance Department to assist customers in using the Company's products and services. It also receives complaints from customers and safeguards their rights and interests.</p> | |
| 4.6 Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results | ✓ | | <p>1. The company has established supplier management procedures and formulated a group supplier code of conduct in accordance with the Responsible Business Alliance (RBA) code of conduct, requiring suppliers to comply with all relevant local laws and regulations when operating the company's business. It also requires its suppliers to abide by relevant social responsibilities, so as to work together to enhance corporate social responsibility and create a win-win partnership.</p> <p>2. When selecting new suppliers, the company follows the supplier management operating procedures and requires the following documents to be signed in addition to the general procurement contract and confidentiality contract:</p> | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <ol style="list-style-type: none"> 1. Hazardous substance restriction guarantee (included in the procurement contract) 2. Social Responsibility Statement and Commitment: Commitment regarding labor rights, health and safety, environmental standards, ethics, management system and social impact. 3. Supplier code of conduct commitment: Business ethics and integrity requirements. 4. Letter of commitment for responsible mining: Suppliers are required to promise to abide by RBA code of conduct, and transparently disclose the sources of mines used in products and components according to OECD standards. 3. The company assesses suppliers' performance as well as rewards and punishments on a quarterly basis according to the supplier management work in the internal control. The evaluation contents include quality, price, delivery period, degree of coordination. Also, we educate and train suppliers with assessment scores not reaching the standard, and coach them to improve each failed item to assure supply quality. | |
| 5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as | ✓ | | The 2023 Sustainability Report was published in late 2024 following approval by the Audit Committee and the Board of Directors, and was subsequently uploaded to the Market Observation Post System (MOPS). Starting from | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit? | | | 2025, the report will be completed and uploaded to MOPS by August each year. | |
| <p>6. Describe the difference, if any, between actual practice and the Sustainable Development Best Practice Principles, if the company has formulated such principles itself based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: The company has formulated a corporate social responsibility policy, which is posted on the company's website as a criterion for the company and all employees to fulfill social responsibility. It also regards corporate social responsibility as the core value of corporate culture. In 2022, a sustainable development committee was established to strengthen the promotion of and implementation of various sustainable development goals.</p> | | | | |
| <p>7. Other useful information for explaining the status of corporate social responsibility practices:</p> <p>1. Workplace environment and security</p> <p>The company's occupational safety and health policy follows the Occupational Safety and Health Act. The company holds occupational safety training and practical drills from time to time each year to increase employees' awareness of occupational safety and strengthen their occupational safety consciousness in order to build a healthy and happy workplace.</p> <p>In order to promote the physical and mental health of our employees and to prevent occupational disasters or accidents, the Company has established an "Occupational Safety and Health Room" for the purpose of creating a safe and comfortable working environment, the maintenance of which includes but is not limited to the following items:</p> <p>(1) Fire facility & Equipment safety management</p> <p>A. The offices are equipped with fire extinguishers, smoke detectors, and emergency exit instructions. Employees are required to receive fire protection training once every half a year or every year, including ways to use fire extinguishers and implement evacuation procedures.</p> <p>B. With disaster prevention and prevention as our core concept, we conduct annual fire inspections and check and replace safety facilities including fire alarms and fire extinguishers to strengthen the occupational safety environment in the workplace.</p> <p>C. The company holds fire safety seminars every year and receives retraining at least once every two years in accordance with the regulations for the establishment and management of professional fire prevention management agencies of the Ministry of the Interior's Fire Department.</p> | | | | |



| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|----------------------|---|
| | Yes | No | Abstract Explanation | |
| <p>D. In 2024, the Company recorded zero fire incidents and zero casualties, resulting in a casualty rate of 0% relative to the total number of employees. Following a review of a loss event in 2022, the Company implemented the following three control measures across all office locations:</p> <p>a. Monitoring equipment is additionally installed to intensively inspect each plant area, and smoke detectors are installed for online preservation and security, to prevent and respond to abnormalities.</p> <p>b. The security personnel are required to patrol the plant areas at fixed time and fixed points to confirm whether abnormal conditions exist in the plant areas. Also, SOP for response to abnormalities have been established and implemented.</p> <p>c. Check the equipment power sockets, and replace old and incompliant extension lines to avoid fires caused by heat generating equipment. For experimental equipment operated for 24 hours a day, a security control and verification mechanism shall be installed.</p> <p>(2) Access control security</p> <p>A. Our premises are provided with 24-hour security and public accident liability insurance to maintain and protect the safety of labor and business equipment.</p> <p>B. In order to maintain the safety of all employees, strictly protect the security of the company's intellectual property data and the peace of the workplace, the company has set up access control management measures. In addition to 24-hour security, the office is equipped with access control card machine. Employees must swipe their identification cards to open access control and outsiders must apply and register through operating procedures before entering, so as to control the personnel in and out of the company.</p> <p>(3) Electrical safety</p> <p>The Company implements regular patrolling of general electrical box (panel) every quarter.</p> <p>(4) Environmental safety</p> <p>A. In order to protect and provide a healthy and comfortable working environment for employees, the company performs CO2 work environment monitoring twice a year, to ensure good ventilation in the workplace and conduct necessary maintenance, which is in line with the implementation method of labor work environment monitoring by the Ministry of Labor.</p> <p>B. The company cleans and maintains the offices, public areas, and shared facilities.</p> <p>C. The company disinfects the office area and the periphery of the site on an irregular basis.</p> | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|----------------------|---|
| | Yes | No | Abstract Explanation | |
| <p>(5) Drinking water safety The company tests the water quality of water dispensers every 3 months in accordance with the use and maintenance management measures of continuous drinking water supply fixtures.</p> <p>(6) Occupational safety and security education advocacy A. The company implements occupational safety and health education advocacy annually. B. The offices are equipped with first-aid kits which are regularly updated. Office employees shall receive training for first-aid personnel and obtain relevant licenses, to cope with possible accidental injuries.</p> <p>(7) Statistics of incapacitated injuries: In 2023, there were 2 accidents involving 2 people commuting to and from work, resulting in 38 days of lost working hours. In 2024, there was 1 accident involving 1 person commuting to and from work, resulting in 1 day of lost working hours. Both the number of accidents and the number of lost working hours decreased, but the target of 0 accidents was not achieved this year.</p> <p>2. Physical and mental health and rights protection</p> <p>(1) Welfare guarantee A. The Employee Welfare Committee provides various subsidies and welfare measures for education, injury, illness, disaster relief, travel, etc. B. The company encourages employees to participate in the company's various club activities to relax and rejuvenate their minds and bodies during their spare time. C. The company reviews the employee health examination program annually to strengthen the protection of employees' physical and mental health. D. Contribution to employees' labor insurance, health insurance and pension. E. Group insurance and Medicaid for employees. F. The company provides nursing/milk collection rooms and related equipment to create a friendly environment for women to use. G. The company provides employees with massage service by disabled persons once every week to relieve their work pressure</p> <p>(2) Work security</p> | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|----------------------|---|
| | Yes | No | Abstract Explanation | |
| <p>A. In accordance with the Labor Standards Law and the Gender Equality in Employment Act, the company has set the provisions of physiological leave, maternity leave, paternity leave, and maternity protection, as well as parental leave such as nursing leave, breastfeeding leave, and family care leave, and has set up a comprehensive nursing room for female employees to use during the nursing period.</p> <p>B. In accordance with the "Gender Equality in Employment Act" and the "Guidelines for the Formulation of Complaints and Disciplinary Measures against Sexual Harassment in the Workplace " issued by the Ministry of Labor, the Company has formulated the "Sexual Harassment Prevention Measures, Complaints and Disciplinary Measures" to maintain gender equality at work and human dignity and prevent sexual harassment in the workplace.</p> <p>(3) Learning support</p> <p>A. From time to time, the company invites professionals to hold seminars on physical and mental health and health care.</p> <p>B. The company's education and training program provides newcomer education and training, general education, internal seminars, external training, online education courses, etc., covering management, personnel, labor safety, marketing, R&D, finance, auditing, legal affairs, intellectual property,ESG, etc., in order to cultivate employees' self-development and strengthen their job skills.</p> <p>(4) Communication guarantee</p> <p>A. There is a dedicated email box for employees in the stakeholder division of our website and a suggestion box for employees within the company, which serves as a direct and quick channel of complaint and communication for employees and safeguards their basic rights and interests.</p> <p>B. The company holds regular labor-management meetings to achieve the purpose of good communication between labor and management, and also to take into account the physical and mental health support and safety maintenance of employees.</p> <p>(5) Health Protection: We prioritize and care deeply about the physical and mental well-being of our employees. Every year, we provide all active employees with free personal health checkups to monitor their health status. In 2024, in addition to the legally required health examination items, we proactively added multiple cancer screening items, such as screenings for liver cancer, oral cancer, and gender-specific cancers. Employees were also allowed to choose two types of ultrasound exams to gain better insight into their health condition. A total of 81 employees participated in the health checkups in 2024.</p> | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|--|-----------------------|----|----------------------|---|
| | Yes | No | Abstract Explanation | |
| <p>3. In 2024, our colleagues participated in various charitable activities of "Hsu Chiu Ying Charity Foundation", including donations and volunteer services:</p> <p>(1) Year end Love Donation" gathers everyone's strength to take care of vulnerable children and create more possibilities for students.</p> <p>(2) The “Dream Flying Program” supports disadvantaged students to receive professional guidance from teachers in various fields, cultivate expertise, and gradually move towards their dreams.</p> <p>(3) The "Children's Day Care Activity" aims to care for disadvantaged students, assist them in supplementing stationery and daily necessities, collect Children's Day gifts, help them realize their dreams, and encourage them to study seriously and build their dreams steadfastly.</p> | | | | |
| <p>4. Our colleagues constantly participated in the Group's "Chingmei Creek Riverbank Beautification" activity regularly. They rolled up their sleeves and bent down to do their part for the community! Chingmei Creek riverbank is a place where the Group's employees often take a walk to relieve stress. In order to implement the business philosophy of feedback to the society, the company makes a small contribution to the community by picking up garbage and maintaining plants. The total number of volunteer services & donations participants from the company in 2024 is 6.</p> | | | | |
| <p>5. The company attaches importance to the issue of sustainable development and actively promotes it internally. At the same time, combined with the Group's education and training resources, in addition to physical courses, the Group has set up an online school for employees to learn online anytime and anywhere, with a wide range of courses covering various ESG issues. Statistics show that in 2024, more than 60 courses have been offered, including gender equality, risk management, product security, quality management, integrity management, sustainable development, green lectures, trend lectures, computer information security advocacy, anti-piracy software advocacy, environmental ecology, occupational safety, confidentiality and integrity, prevention of insider trading, risk assessment, and confidential information classification methods. The total number of class attendance is about 650.</p> | | | | |

| Evaluation Item | Implementation Status | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|----------------------|---|
| | Yes | No | Abstract Explanation | |
| <p>6. The company attaches importance to the development of arts and cultural activities in Taiwan, and encourages employees to actively participate in arts and cultural activities, exhibitions, and film appreciation with their family members by utilizing their spare time. The employees participated in the activities organized by the Group as follows in 2024:</p> <p>(1) Professor Gao Xijun's "Building Taiwan's Soft Power Island" Public Welfare Promotion Project Limited Edition Book Donation Activity: To enhance colleagues' soft power and explore in depth how Taiwan can enhance its soft power through its unique culture, education, technology, and social values, and exert greater influence on the global stage.</p> <p>(2) The "National Drama Troupe" private cultural and artistic event: Through theater performances, it showcases Taiwan's traditional stories and culture, promoting public understanding and identification with local culture. The activities of the National Theatre Company are not only a manifestation of culture and art, but also its multiple contributions to society, education, mental health, and economy, strengthening the cohesion of society and the sustainable development of culture.</p> <p>(3) Aninggu Theater Group's Musical Exclusive Event: Supporting local original plays, this event covers parent-child and family relationships, explores human emotions and behavior through the perspective of dogs, and combines music, dance, visual arts, etc. to create a unique viewing experience.</p> <p>7. The company complies with laws and regulations, and immediately releases major information on information related to shareholders' rights and interests, and provides relevant information or links on the company's website to enhance investors' understanding of the company.</p> | | | | |

Note 1: If mark "Yes" for the implementation situation, please describe the important policies, strategies, measures and implementation situation adopted; If mark "No" for the implementation, please explain the differences and reasons in the column "Differences from the Code of Practice for Sustainable Development of OTC Listed Companies and Reasons", and explain the plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to those who have a significant impact on the company's investors and other stakeholders related to environmental, social and corporate governance issues.

| Major issues | Items of Risk Evaluation | Risk management policy/strategy |
|--------------|--|--|
| Environment | Environment protection and Ecological Conservation | <p>✔The company has obtained ISO9001/TL9000 and R6.3/R5.7(H) certification and complies with RoHS, REACH and CMRT environment protection requirements.</p> |
| | | <p>✔The company continues to move towards the concept of green energy in product research and development, production, and sales, and improves the utilization efficiency of various resources to achieve optimal use of raw materials and minimize environmental impact. For example, production materials comply with RoHS, REACH and CMRT environmental protection requirements, and paper is effectively reused in the office.</p> |
| | | <p>✔The company is aware of the impact of climate change on the global environment and operating activities and has formulated energy-saving and carbon-reduction policies. The management policies can be divided into: greenhouse gas management, water management, waste management, energy management, etc. We strengthen the advocacy and thoroughly implement them in daily operations., such as: office air-conditioning temperature control, and timing automatic shutdown to reduce power consumption etc. Additionally, the company has obtained grade-B total score on the CDP climate change platform, but also signed to join Science Based Targets initiative (SBTi) and became a supporter for the climate-related financial disclosures. The SBT carbon reduction target jointly submitted with Kinpo Group also passed its organizational review and began implementation in September 2024.</p> |
| | | <p>✔The Company's greenhouse gas emission reduction target is a 2% reduction from the base year for Phase I (2022-2025) and a 10% reduction from the base year for Phase II (2025-2030) with a rolling review. The total emissions of greenhouse gas categories one and two in 2024 and 2023 are approximately 127.17 and 148.42 metric tons, respectively. The total weight of waste in 2024 and 2023 is 6.58 and 8.81 tons, respectively. The water consumption in 2024 and 2023 is approximately 1,840 and 1,180 tons, respectively.</p> |
| Society | Occupational Safety | <p>✔The company's occupational safety and health policy follows the Occupational Safety and Health Act. The company holds occupational safety training and practical drills from time to time each year to increase employees' awareness of occupational safety and strengthen their occupational safety consciousness in order to build a healthy and happy workplace.</p> <p>In order to promote the physical and mental health of our employees and to prevent occupational disasters or accidents, the Company has established an "Occupational Safety and Health Room" for the purpose of creating a safe and comfortable working environment, the maintenance of which includes but is not limited to the following items:</p> <p>(1) Fire facility & Equipment safety management</p> <p>A. The offices are equipped with fire extinguishers, smoke detectors, and emergency exit instructions. Employees are required to receive fire protection training once every half a year or every year, including ways to use fire extinguishers and implement evacuation procedures.</p> <p>B. With disaster prevention and prevention as our core concept, we conduct annual fire inspections and check and replace safety facilities including fire alarms and fire extinguishers to strengthen the occupational safety environment in the workplace.</p> <p>C. The company holds fire safety seminars every year and receives retraining at least once every two years in accordance with the regulations for the establishment and management of professional fire prevention management agencies of the Ministry of the Interior's Fire Department.</p> <p>D. Establishment of fire prevention and control measures:</p> <p>01. Monitoring equipment is additionally installed to intensively inspect each plant area, and smoke detectors are installed for online preservation and security, to prevent and respond to abnormalities.</p> <p>02. The security personnel are required to patrol the plant areas at fixed time and fixed points to confirm whether abnormal conditions exist in the plant areas. Also, SOP for response to abnormalities have been established and implemented.</p> <p>03. Check the equipment power sockets, and replace old and noncompliant extension lines to avoid fires caused by heat generating equipment. For experimental equipment operated for 24 hours a day, a security control and verification mechanism shall be installed.</p> <p>04. In 2024, the Company recorded zero fire incidents and zero casualties, resulting in a casualty rate of 0% relative to the total number of employees. As no fire-related incidents occurred during the year, no corrective or improvement measures were required.</p> <p>(2) Access control security</p> <p>A. Our premises are provided with 24-hour security and public accident liability insurance to maintain and protect the safety of labor and business equipment.</p> |

| Major issues | Items of Risk Evaluation | Risk management policy/strategy |
|----------------------|---|---|
| | | <p>B. In order to maintain the safety of all employees, strictly protect the security of the company's intellectual property data and the peace of the workplace, the company has set up access control management measures. In addition to 24-hour security, the office is equipped with access control card machine. Employees must swipe their identification cards to open access control and outsiders must apply and register through operating procedures before entering, so as to control the personnel in and out of the company.</p> <p>(3) Electrical safety A. The Company implements regular patrolling of general electrical box (panel) every quarter.</p> <p>(4) Environmental safety A. In order to protect and provide a healthy and comfortable working environment for employees, the company performs CO2 work environment monitoring twice a year, to ensure good ventilation in the workplace and conduct necessary maintenance, which is in line with the implementation method of labor work environment monitoring by the Ministry of Labor. B. The company cleans and maintains the offices, public areas, and shared facilities. C. The company disinfects the office area and the periphery of the site on an irregular basis.</p> <p>(5) Drinking water safety A. The company tests the water quality of water dispensers every 3 months in accordance with the use and maintenance management measures of continuous drinking water supply fixtures.</p> <p>(6) Occupational safety and security education advocacy A. The company implements occupational safety and health education advocacy annually. B. The offices are equipped with first-aid kits which are regularly updated. Office employees shall receive training for first-aid personnel and obtain relevant licenses, to cope with possible accidental injuries.</p> <p>(7) Statistics of incapacitated injuries: In 2023, there were 2 accidents involving 2 people commuting to and from work, resulting in 38 days of lost working hours. In 2024, there was 1 accident involving 1 person commuting to and from work, resulting in 1 day of lost working hours. Both the number of accidents and the number of lost working hours decreased, but the target of 0 accidents was not achieved this year. Improvement measures implemented: A. Occupational accident investigations were conducted. B. Orientation and safety training were provided for new employees.</p> |
| | Product Safety | <p>♥The company has obtained ISO9001/TL9000 and R6.3/R5.7(H) certification and complies with RoHS, REACH and CMRT environment protection requirements.</p> <p>♥The products of the company meet RoHS environmental protection requirements, energy efficiency, safety regulations, and electromagnetic compatibility standards.</p> <p>♥The product design uses renewable and environmentally friendly materials, and new generation design to improve energy efficiency and reduce production waste.</p> <p>♥The company continues to move towards the concept of green energy, waste reduction and energy saving in product research and development, production, and sales, and improves the utilization efficiency of various resources to achieve optimal use of raw materials and minimize environmental impact. For example, production materials comply with RoHS environmental protection requirements, product designs meet the latest energy efficiency standards and various international regulations, recycled materials are introduced into packaging, and paper is effectively reused in the office. At the same time, renewable energy is used, and excessive packaging is avoided, to lower the impact on the environment.</p> <p>♥Customer health and safety, customer privacy, marketing and labeling of products and services of the company are handled in accordance with relevant laws and regulations, and the principle of fair trade.</p> <p>♥The Company has set up a customer service team in Quality Assurance Department to assist customers in using the Company's products and services. It also receives complaints from customers and safeguards their rights and interests. The stakeholder division of the website provides a channel for customers, consumers and suppliers to complain and communicate with each other in order to protect the rights of customers.</p> <p>♥The company has established supplier management procedures and formulated a group supplier code of conduct in accordance with the Responsible Business Alliance (RBA) code of conduct, requiring suppliers to comply with all relevant local laws and regulations when operating the company's business. It also requires its suppliers to abide by relevant social responsibilities, so as to work together to enhance corporate social responsibility and create a win-win partnership.</p> |
| Corporate Governance | Internal Control system and compliance with regulations | <p>♥In accordance with the risk-oriented annual audit plan and through the establishment of a governance organization and the implementation of an internal control system, it is ensured that all personnel and operations of the company truly comply with relevant laws and regulations.</p> <p>♥In accordance with the provisions of "Regulations Governing the Establishment of Internal Control Systems by Public Companies" and other relevant laws and regulations, the company has also established relevant management systems for its finance, business operation, and accounting. Full-time personnel have been assigned in each business unit to take charge of relevant risk management work, to control, lower, and prevent each risk of the company.</p> |

| Major issues | Items of Risk Evaluation | Risk management policy/strategy | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|--|--|--|----------------------------|--|--|--|--------|-----------------------|-----------|--------|----------|------------------------|-----------|----------------------------|-------------------------|--------------|--|----------|----------------------|----------|----------------------|--------------------------------|---------------|------------------------|----------------------------|---------------|------------------------|--------------------------------------|----------------------|--|---------------------|--------------|--|----------|-----------------|---------------|---|-----------------------------|---------------|----------------|--|--------------|----------------------------------|----------|--------------------------|---------------|---------------------------|------------------|----------|
| | | ♥The company complies with the laws and regulations, and immediately releases important information related to shareholders' rights and interests, and provides relevant information or links on the company's website to enhance investors' understanding of the company. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Strengthening Directors' Functions and Implementing Directors' Responsibilities | ♥In order to enable the directors to understand their legal responsibilities, the company plans relevant training topics for the directors. The company has already combined the resources for education and training of directors of the Group, encouraged directors to engage in continuing education, strengthened the publicity of the provisions of the competent authority and regulations, and irregularly recommended advocacy meetings of the competent authority and information regarding courses designed by external qualified education and training agencies for directors to the directors for consideration and participation. ♥Directors' liability insurance is provided to protect directors from lawsuits or claims when they have performed their duties as good managers. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Communication with stakeholders | ♥The company attaches great importance to the corporate social responsibility towards employees, customers, investors, suppliers, and the overall environment. Therefore, the board of directors attaches great importance to promoting integrity management and supervising the implementation. The company has good communication channels and dedicated personnel who are responsible for listening to stakeholders' requirements, and explain, reply and track and manage the feedback information collected by different communication channels. <table><tr><th colspan="4">Stakeholder communication:</th></tr><tr><th>Object</th><th>Communication channel</th><th>Frequency</th><th>Topics</th></tr><tr><td rowspan="2">Employee</td><td>Labor-capital meetings</td><td>Quarterly</td><td>Labor-capital relationship</td></tr><tr><td>Employee suggestion box</td><td>In real-time</td><td>Employees' voices and opinions insight</td></tr><tr><td rowspan="5">Investor</td><td>Shareholders meeting</td><td>Annually</td><td>Business performance</td></tr><tr><td>Public Information Observatory</td><td>Aperiodically</td><td>Information Disclosure</td></tr><tr><td>Company website - Investor</td><td>Aperiodically</td><td>Information Disclosure</td></tr><tr><td>Annual report / financial statements</td><td>Annually / Quarterly</td><td>Financial status and operating performance</td></tr><tr><td>Spokesperson system</td><td>In real-time</td><td>Respond to Investors' opinions and questions</td></tr><tr><td rowspan="3">Customer</td><td>Business visits</td><td>Aperiodically</td><td>Know and respond to customers' needs and opinions</td></tr><tr><td>Company website - Complaint</td><td>Aperiodically</td><td>Appeal channel</td></tr><tr><td>Company website - Product and Technical Supports</td><td>In real-time</td><td>Product introduction and service</td></tr><tr><td rowspan="2">Supplier</td><td>Calls and on-site visits</td><td>Aperiodically</td><td>To find out company needs</td></tr><tr><td>Purchaser survey</td><td>Annually</td><td>To get close with vendors and relationship maintenance</td></tr></table> ♥The company has established a whistle-blowing system, and has disclosed the relevant operating methods and reporting channels in the stakeholder division of the company's website, and special personnel or teams will be responsible for investigation. ♥If there is a case reported, the company will conduct follow-up investigation in a rigorous manner, with dedicated personnel or team, in accordance with operating procedures and in a confidential manner, to protect the whistle blower from improper disposal. | | | | Stakeholder communication: | | | | Object | Communication channel | Frequency | Topics | Employee | Labor-capital meetings | Quarterly | Labor-capital relationship | Employee suggestion box | In real-time | Employees' voices and opinions insight | Investor | Shareholders meeting | Annually | Business performance | Public Information Observatory | Aperiodically | Information Disclosure | Company website - Investor | Aperiodically | Information Disclosure | Annual report / financial statements | Annually / Quarterly | Financial status and operating performance | Spokesperson system | In real-time | Respond to Investors' opinions and questions | Customer | Business visits | Aperiodically | Know and respond to customers' needs and opinions | Company website - Complaint | Aperiodically | Appeal channel | Company website - Product and Technical Supports | In real-time | Product introduction and service | Supplier | Calls and on-site visits | Aperiodically | To find out company needs | Purchaser survey | Annually |
| Stakeholder communication: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Object | Communication channel | Frequency | Topics | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Employee | Labor-capital meetings | Quarterly | Labor-capital relationship | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Employee suggestion box | In real-time | Employees' voices and opinions insight | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investor | Shareholders meeting | Annually | Business performance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Public Information Observatory | Aperiodically | Information Disclosure | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Company website - Investor | Aperiodically | Information Disclosure | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Annual report / financial statements | Annually / Quarterly | Financial status and operating performance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Spokesperson system | In real-time | Respond to Investors' opinions and questions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Customer | Business visits | Aperiodically | Know and respond to customers' needs and opinions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Company website - Complaint | Aperiodically | Appeal channel | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Company website - Product and Technical Supports | In real-time | Product introduction and service | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Supplier | Calls and on-site visits | Aperiodically | To find out company needs | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Purchaser survey | Annually | To get close with vendors and relationship maintenance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Information security | | ♥In order to strengthen information security management, the company's sustainable development committee has organized a cross-departmental professional team to set up an information security group, which is responsible for the planning and implementation of information security system, formulation of regulations, regular reviews and internal control audits, and reports to the board of directors at least once a year. ♥The company plans to improve the architecture and security protection of our core information systems in order to enhance their information security. ♥The company's official website aims to improve online connectivity and utilize the Application Firewall (WAF) system to enhance security protection. ♥The company collaborates with the Taiwan Computer Network Crisis Response and Coordination Center (TWCERT/CC) for information security information defense. ♥Conducted information security awareness campaigns and training sessions, and implemented phishing simulation exercises to prevent malicious email-based social engineering attacks. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Evaluation and Analysis of Other Operational Risks | | ♥ Please refer to pages 136-141. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

8. Climate-Related Information of TWSE/TPEX Listed Company

● Implementation of Climate-Related Information

| Item | Implementation Status |
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| <p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> | <p>In response to the uncertainties brought by climate change and the rapid changes in international markets and policies, the Company established its Risk Management Policy in 2022 and, in the same year, formed the Sustainable Development Committee to formulate, promote, and enhance the Company's (including subsidiaries') key sustainability action plans. The Committee is organized into seven working groups based on ESG topics, with members comprising department heads and other designated personnel. On November 11, 2024, the Audit Committee and the Board of Directors approved the designation of the Project Management Office as the dedicated unit of the Sustainable Development Committee, with its senior executive serving as the responsible officer, the Audit Committee as the supervisory body, and the Board of Directors as the highest governance and decision-making authority. The dedicated unit is responsible for promoting and implementing rolling reviews, tracking, and revising the performance and effectiveness of sustainability initiatives led by each working group. This includes the oversight and governance of climate-related risks and opportunities, and the unit shall report to both the Audit Committee and the Board of Directors at least once a year.</p> <p>The Sustainable Development Committee's seven working groups cover: Environmental and Ecological Protection, Occupational Safety, Product Safety, Corporate Governance, Ethical Management, Risk Management, and Information Security. All are driven and executed under the coordination of the Committee's dedicated unit. Among them, the Risk Management Working Group is responsible for the Company's risk management policies. In accordance with the risk identification items set forth in the Company's Risk Management Policy, risks are categorized into five major areas: environmental, social (including occupational safety and product safety), corporate governance, information security, and operational and financial risks. These classifications help define acceptable risk tolerance levels, prevent potential losses, create value for investors and stakeholders, and achieve optimal resource allocation to ensure the successful attainment of the Company's sustainable development goals.</p> <p>The company plans to include the climate-related internal control system into the future annual audit plan, to promote and assure the operation of climate-related management.</p> |

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| 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). | The company (including subsidiaries) actively discusses and formulates response plans, to lower the impact of climate change on the enterprise’s operation and finance and improve the company’s climate resilience. Also, relevant climate risks and opportunities are evaluated per short term, medium term, and long term, to facilitate the drafting of response plans, reduce the climate risks, and master the opportunities from climate change. | | |
| | Note: The company defines the length of short term, medium term, and long term as within 3 years, 3-5 years, and above 5 years respectively. | | |
| | Type of risk | Type of term | Potential risk items |
| | Transition risks Risks generated during the transformation of the company to low-carbon economy, including risks of policies, laws, technologies, markets, and reputation. | Short term | ● Aggregate control of greenhouse gases as well as carbon tax and carbon fee. |
| | | Medium term | ● Changes in customer requirements and preferences. ● Transformation to low-carbon technology. ● Increase of laws and regulations on renewable energy. ● Insufficient climate response actions, resulting in the decline of brand reputation. |
| Long term | | ● Net-Zero emission becomes a mainstream trend. | |
| Physical risks Risks resulting from climate change due to incident driving (acute physical risks) or | Short term | ● Extreme climate changes lead to the increased frequency of flood damage. If the overseas OEMs are damaged, the corporate operation may be affected. | |

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| | long-term climate change (long-term physical risks) Acute physical risks are resulting from weather-related incidents, e.g., rainstorm, flood, draught, or heat wave, with severity and frequency gradually increased. Long-term physical risks are resulting from the long-term changes in climate models, including changes in precipitation and temperature, which may result in the rising of sea levels, the reduction of availability of water resources, the loss of biodiversity, and the change in soil productivity. | Medium term | <ul style="list-style-type: none">● The increase of natural disasters results in the interruption of the supply chain.● The movement of tectonic plates is becoming increasingly active, leading to a higher frequency of large-scale earthquakes. The corporate operation will be affected if such damage is suffered. |
| | | Long term | <ul style="list-style-type: none">● Decline of average temperatures. |
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| | Corresponding opportunities | Type of term | Potential opportunity items |
| | Potentially positive impact of climate change on individuals; the efforts made regarding climate change mitigation and adaptation may create climate-related opportunities for individuals. | Short term | <ul style="list-style-type: none">● R&D and innovation of new low-carbon products and services. |
| Medium term | | <ul style="list-style-type: none">● Improvement of resource utilization efficiency. | |
| Long term | | <ul style="list-style-type: none">● Improvement of corporate reputation. | |

| The company (including subsidiaries) evaluates the aforesaid risks, and proposes climate related risks and opportunities that may cause a material financial impact, as well as response strategies as follows: | | |
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| Transition risks/Climate opportunities | | |
| R (risk) / O (opportunity) | Financial impact -/+ | Response strategies |
| R: Aggregate control of greenhouse gases as well as carbon tax and carbon fee. R: Increase of laws and regulations on renewable energy. | – The paying of carbon fee results in the increase in operating cost. – The purchasing of RECs results in the increase in operating cost. – The paying of penalties for violation of regulatory requirements results in the increase in operating expenses. | <ul style="list-style-type: none"> ● Strengthen green R&D and innovation. ● Improve energy utilization efficiency, and seek opportunities to invest in green energy equipment. ● Search suitable renewable energy utilization solutions. |
| R: Changes in customer requirements and preferences. O: R&D and innovation of new low-carbon products and services. | – The reduction of market sales results in the decline of operating revenue. + The improvement of sales ratio of low-carbon products increases the operating risk. | <ul style="list-style-type: none"> ● Continually invest in the R&D of low-carbon products. ● Search raw materials with low-carbon footprints and reallocate product ingredients. ● Research, develop, and make innovations in green products. |
| R: Transformation to low-carbon technology. | – The development of new low-carbon processes will increase the R&D cost. Financial losses will be caused in case of development failure. | ● Establish a project R&D team and develop most suitable, low-carbon technology that benefits management. |
| R: Insufficient climate response actions, resulting in the | – The stakeholders' expectations cannot be satisfied, to harm the | ● Actively pay attention and respond to climate-related issues, strengthen the public welfare image of the |

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| | decline of brand reputation | corporate reputation and lower the market sales. | enterprise, and enhance customers' sense of identity. |
| | R: Net-Zero emission becomes a mainstream trend. | — The setting and operation of carbon reduction equipment result in the increase in cost. | <ul style="list-style-type: none"> ● Continually implement greenhouse gas reduction actions. ● Encourage suppliers to take climate mitigation and adaption actions. |
| | O: Improvement of corporate reputation | + Improvement of financing availability and reduction of capital cost. | <ul style="list-style-type: none"> ● Improve the enterprise's green image through transparent disclosure. ● Strengthen corporate governance, and establish a corporate culture of emphasis on climate-related issues and engagement in concrete actions. ● Improve the performance in sustainability appraisal and establish a favorable image. |
| | Physical risks/Climate opportunities | | |
| | R (risk) / O (opportunity) | Financial impact -/+ | Response strategies |
| | R: The increase of natural disasters results in the interruption of the supply chain. For example, extreme climate changes lead to the increased frequency of flood damage or heat wave. If the overseas OEMs are | <ul style="list-style-type: none"> — The shutdown of operating sites results in the decline of operating revenue. — The damage of machinery equipment results in the property losses. — The rising prices of raw materials lead to the increase in operating cost. | <ul style="list-style-type: none"> ● Give consideration to the risk of flood before new operating sites are established. ● Evaluate the risk of flood in the operating sites, and execute risk mitigation measures. ● Develop alternative raw materials. ● Search suppliers in other regions. |

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| | damaged, the corporate operation may be affected. | — The decrease in product output results in the decline of operating revenue. | |
| | R: The movement of tectonic plates is becoming increasingly active, leading to a higher frequency of large-scale earthquakes. The corporate operation will be affected if such damage is suffered | — The toppling of plant buildings, the damage of materials and inventories, the damage of machinery equipment, the injuries of employees, etc. result in property losses, decline of operating revenue, and increase in operating cost due to restoration expenses. | <ul style="list-style-type: none"> ● In addition to the purchasing of earthquake insurance just in case, actively search suitable places for plant construction in non-seismic regions to spread the supply chain risks and prevent the breakage of the supply chain. ● Pay close attention to the building safety, and immediately evaluate the hazard level in case of any damage. |
| | R: Decline of average temperatures O: Improvement of resource utilization efficiency. | — The increase in power consumption results in the increase in operating expenses. — The shortage of raw materials results in the rising price. — The increase in cost, or decrease in production output results in the decrease in operating revenue. + Decrease in cost of power consumption. | <ul style="list-style-type: none"> ● Construct green buildings. ● Use renewable energy. ● Develop alternative raw materials. ● Purchase energy-saving equipment. ● Adopt environmental management system and track the energy use status. ● Establish relevant energy-saving and carbon reduction policies and promote their implementation in the company. |
| 3. Describe the financial impact of extreme weather events and transformative actions. | The company participates in the maternity sorting of climate change risks and opportunities by the Group, and organizes the potential climate change risks and opportunities as follows: Increased extreme weather events - Flooding Due to the drastic climate change in Taiwan, flooding would easily occur during typhoons or the plum rain season. Therefore, the company follows the information of “National Science and Technology Center for Disaster | | |

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| | <p>Reduction- Climate Change and Disaster Risk Mitigation Platform” adopted by the Group, and estimates the climate conditions in the middle of this century (2036~2065) in consideration of hazard of flooding, vulnerability and exposure. Then, the company conducts risk analysis of flooding disaster in the plant area, and estimates and confirms that the renovation amount of equipment damage in the plant area will not be higher than NT\$ 1,900,000 if flooding disaster occurs in the future. Therefore, to prevent the future extreme climate events from leading to flooding of plant area and causing renovation cost and operation interruption, the company will continually follow-up the response policies planned by the Group based on the analysis results in the future, and prudently evaluate potential hazards and work out management and action guidelines.</p> <p>Carbon cost The possible carbon related expenses and emission control in the future will impose a financial impact on the company. with reference to three climate change scenarios determined by the Group, including IEA Stated Policies Scenario (STEPS), IEA Sustainable Development Scenario (SDS), and IEA Net Zero Emissions by 2050 Scenario (NZE), and based on four carbon fee scenarios of Environmental Protection Administration, Taiwan, EU Emissions Trading System, NGFS 2050 Net Zero, and NGFS Nationally Determined Contribution, the company conducts cost analysis and finally adopts IEA Sustainable Development Scenario (SDS) as the carbon reduction pathway planning. The company will follow the policy goals of the Group and determine its own action plans and targets.</p> <p>The company established “Sustainable Development Committee” in the second half of 2022, and this committee administers different working teams per functions. They are responsible for identifying and managing corporate operation risks, including physical and transition risks possibly resulting from climate change, and leading the planning of relevant response measures. As for the short-term goals, the committee expects to participate in the Group’s establishment of sustainable development policies and guidelines, the promotion of implementation of sustainable development policies, the preparation of the company’s sustainability report, and the reporting of the implementation status and achievements to the Board of Directors at least once every year, to strengthen the enterprise’s constitution and achieve the milestone of Corporate Governance 3.0-Sustainable Development Roadmap.</p> |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | <p>The Sustainable Development Committee is the top authority for risk management in the company (including subsidiaries), and the President services as the top manager of the risk management team. The members of the risk management team comprise personnel selected by the President from each department and division with different professional functions. The Board of Directors passed a resolution to approve risk management measures in 2022. The risk management team is responsible for implementing the risk management policy of the company. In accordance with the risk identification items defined in the company’s risk management measures, five aspects are included, i.e., environmental risks,</p> |

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| | social risks (including occupational safety and product safety), corporate governance risks, information security risks, and operational and financial risks. Based on the foregoing, various risks shall be defined in the affordable scope to prevent possible losses, bring value to investors and stakeholders, and achieve the best resource allocation. Also, the committee regularly reports the operating and implementation status to the Board of Directors every year, to strengthen the corporate constitution and assure the achievement of the company's sustainable development goals. |
| 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. | Not applicable. |
| 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. | Not applicable. |
| 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. | Not applicable. |
| 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning | Not applicable. |

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| <p>horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> | |
| <p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p> | <p>Not applicable.</p> |

2.3.6. Fulfillment of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”

| Evaluation Item | Implementation Satus | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|---|----------------------|----|--|---|
| | Yes | No | Abstract Illustration | |
| 1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures | | | | |
| 1.1 Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and procitices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy? | ✓ | | The company has established the "Integrity Management Code", "Integrity Management Procedures and Behavior Guidelines" and "Code of Ethics", adhering to the concept of "Integrity and Faithfulness". In addition to implementing it in corporate governance, it strengthens the risk control system in daily business activities in the hope of sustainable development. | Compliant |
| 1.2 Does the company have mechanisms in plaxe to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? | ✓ | | The company has established an assessment system for the risk of dishonest behavior in accordance with the "Integrity Management Code" and formulated a plan for preventing dishonest behavior, including the preventive measures in Article 7, paragraph 2, of the "Code for Integrity Management of Listed Companies", and discloses the company's integrity management policy in internal regulations, annual reports, company website or other publicity materials, The company strengthens advocacy and practice through employees signing the employee integrity statement and manufacturers signing no bribery statement. | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|--|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| 1.3 Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments? | ✓ | | The Sustainable Development Committee organizes members of relevant departments to set up an "Integrity Management Team", which is responsible for promoting the company's corporate governance matters such as integrity management, anti-corruption, anti-bribery and compliance with laws and regulations, and reports the implementation status to the board of directors at least once a year. The company's "Integrity Management Code", "Integrity Management Operating Procedures and Behavior Guidelines", "Code of Ethics" and "Work Rules" all state that in addition to the legal responsibility, the company will punish the relevant personnel according to the actual situation if they violate the law, and the most serious punishment will be the removal from the company. | Compliant |
| 2. Corporate Conduct and Ethics Compliance Practice | | | | |
| 2.1 Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? | ✓ | | When the company selects new suppliers, in addition to the general purchase contract and confidentiality agreement, it is also required to sign a letter of commitment that contains the terms of ethics and integrity. | Compliant |
| 2.2 Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical | ✓ | | On November 11, 2024, the Company's Audit Committee and Board of Directors approved amendments to the Sustainability Committee Charter and the Risk Management Procedures. The | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations? | | | <p>amendments designated the Project Management Office as the dedicated unit responsible for driving and executing the Company’s sustainability development and risk management initiatives, with the Audit Committee serving as the supervisory body and the Board of Directors as the highest governance and decision-making authority. The Integrity Management Team, led by the dedicated unit for sustainability, is responsible for promoting and implementing, regularly reviewing and revising management policies and procedures related to integrity management, and reporting to the board of directors at least once a year on its integrity management policies, plans for preventing dishonest behavior and supervision of the implementation. The latest performance report to the Board of Directors is dated 2024.5.10.</p> <p>The Company implements the integrity management policy, and the relevant implementation situation is as follows:</p> <p>(1) Whistleblowing system and protection of whistleblowers:</p> <p>The Company has a code of corporate governance practices, a code of ethical conduct and a whistleblowing system, and the Company added a code</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|-----------------|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | <p>of integrity and operating procedures and guidelines for conduct. The company accepts complaints of dishonest conduct from employees in accordance with the regulations, and provides an effective means of communication for employees, shareholders, interested persons and outsiders in the Stakeholders division of the company's website. Complaints involving directors or senior executives will be reported to the independent directors. The company has also established a whistleblower protection system, which keeps the identity and content of the whistleblower confidential and promises to protect the whistleblower from being improperly disposed of due to the whistleblowing, and as of 2024, no internal or external whistleblowing cases have been reported.</p> <p>(2) Legal compliance and education training: In order to promote advocacy and education among all colleagues, the administrative unit organized an online course with the theme of "Integrity Towards Excellence", covering three main courses: "Integrity Value", "Integrity attitude" and "Integrity behavior". In addition, the company, together with the group, hires professional lecturers or sets up physical courses,</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|--|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| | | | <p>or sets up courses in the Kinpao Online College. Through the human resources department, we advocate or standardize the course information necessary for personnel promotion through E-mail, so that employees have access to professional knowledge lectures, interactive reflection, practical cases and other diversified teaching methods, to achieve the company to build integrity values and cultural establishment; Statistics for 2024 show that during the period of this report, more than 60 courses have been offered, including gender equality, risk management, product security, quality management, integrity management, sustainable development, DEI, legal and intellectual property issues, green lectures, trend lectures, computer information security advocacy, anti-piracy software advocacy, environmental ecology, occupational safety, confidentiality and integrity, prevention of insider trading, risk assessment, and confidential information classification methods. The total number of class attendance is about 650.</p> | |
| 2.3 Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? | ✓ | | In the company's "Code of Ethics", there is a clause on interest avoidance, and the channels for statements and explanations are specified to avoid the occurrence of profit-seeking situations. | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|--|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| 2.4 Does the company establish an effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? | ✓ | | The company strictly abides by the effective accounting system and internal control system established for the implementation of ethical corporate management, and according to its design, regularly reviews the operation and effectiveness of various items, and the auditors also conduct regular inspections and report to the board of directors and Audit Committee. | Compliant |
| 2.5 Does the company regularly hold internal and external educational trainings on ethical corporate management? | ✓ | | The company's directors and supervisors continue to participate in internal or external relevant education courses every year; the company also arranges for the promotion and education of the relevant code of integrity management during the education and training of newcomers, and puts it on the company's internal website for each employee. And we have also jointly established an online academy with our group to provide online training videos for every employee to log in and learn. | Compliant |
| 3. Operation of the integrity system | | | | |
| 3.1 Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? | ✓ | | The company has established a whistle-blowing system, and has disclosed the relevant operating methods and reporting channels in the stakeholder division of the company's website, and the impeaches will be received and investigated by special personnel. | Compliant |

| Evaluation Item | Implementation Satus | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|---|----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| 3.2 Does the company have in plaxe standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? | ✓ | | If there is a case reported, the company will conduct follow-up investigations in a rigorous manner, with dedicated personnel or teams, in accordance with operating procedures and in a confidential manner, to protect the whistle blower from improper disposal. | Compliant |
| 3.3 Does the company provide proper whistleblower protection? | ✓ | | | |
| 4. Strengthening information Disclosure | | | | |
| 4.1 Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS? | ✓ | | <p>The company discloses the content and promotion effect of "Integrity Management Code", "Integrity Management Operation Procedures and Behavior Guidelines" and "Code of Ethics" on the company's website, and the online course education and training takes "Integrity Towards Excellence" as the the theme, covering three major syllabuses of "Integrity Value", "Integrity Attitude" and "Integrity Behavior". External professional lecturers use professional knowledge teaching, interactive reflection, practical cases and other teaching methods to achieve the establishment of integrity values and execution.</p> <p>Statistics show that in 2024, more than 60 courses have been offered, including gender equality, risk management, product security, quality management, integrity management, sustainable development, DEI, legal and intellectual property issues, green lectures, trend lectures, computer information security</p> | Compliant |

| Evaluation Item | Implementation Status | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | advocacy, anti-piracy software advocacy, environmental ecology, occupational safety, confidentiality and integrity, prevention of insider trading, risk assessment, and confidential information classification methods. The total number of class attendance is about 650. | |
| 5. If the Company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation: Compliant | | | | |
| 6. Other important information to facilitate better understanding of the Company’s corporate conduct and ethics compliance practices (e.g., review and revision of the Company’s corporate conduct and ethics policy). In line with the concept of integrity, transparency and responsibility, the company has formulated management policies based on integrity, which are not only used as the basic spirit of operation, but also implemented in internal management and external business activities to achieve the goal of sustainable operation. | | | | |

2.3.7. Other Important Information Regarding Corporate Governance:

2.3.7.1 The Company's directors' pursuit of further education

| Job title | Name | Organizer | Course title | Training Hours |
|-----------|-------------------|---|---|----------------|
| Director | Chang, Ying | Independent Director Association Taiwan | Latest Development Trends in Sustainable Governance Issues and Directors' and Supervisors' Responsibilities | 3 |
| | | Taiwan Institute of Directors | The Real Value Created by Circular and Low-Carbon Innovation – Understanding Circular Economy and Governance | 3 |
| Director | Hsu, Wei-Yang | Taiwan Institute of Directors | The Real Value Created by Circular and Low-Carbon Innovation – Understanding Circular Economy and Governance | 3 |
| Director | Huang, Yu-Hui | Independent Director Association Taiwan | Latest Development Trends in Sustainable Governance Issues and Directors' and Supervisors' Responsibilities | 3 |
| | | Taiwan Institute of Directors | The Real Value Created by Circular and Low-Carbon Innovation – Understanding Circular Economy and Governance | 3 |
| Director | Chiang, Tai-Chang | Importers and Exporters Association of Taipei | Outlook for 2024: Global Political, Economic, and Financial Trends and Strategies for Taiwanese Enterprises | 3 |
| | | Independent Director Association | Latest Development Trends in Sustainable Governance Issues and Directors' and Supervisors' Responsibilities | 3 |
| | | Taiwan Institute of Directors | The Real Value Created by Circular and Low-Carbon Innovation – Understanding Circular Economy and Governance | 3 |
| Director | Lin, Cheng-Hsien | Securities and Futures Institute, SFI | Board of Directors and Supervisors (including Independent Directors) and Corporate Governance Executives Practical Training Course – Taipei Class | 12 |
| | | Independent Director Association | Latest Development Trends in Sustainable Governance Issues and Directors' and Supervisors' Responsibilities | 3 |

| Job title | Name | Organizer | Course title | Training Hours |
|----------------------|-----------------|--|--|----------------|
| Director | Chen Pei-Yuan | Taipei Exchange | OTC and Emerging Stock Companies Insider Shareholding Advocacy Seminar | 3 |
| Independent Director | Hsu, Sheng-Haur | Independent Director Association | Latest Development Trends in Sustainable Governance Issues and Directors' and Supervisors' Responsibilities | 3 |
| | | Taiwan Institute of Directors | The Real Value Created by Circular and Low-Carbon Innovation – Understanding Circular Economy and Governance | 3 |
| Independent Director | Tsai, Chien-Wen | Independent Director Association | Latest Development Trends in Sustainable Governance Issues and Directors' and Supervisors' Responsibilities | 3 |
| | | Taiwan Institute of Directors | The Real Value Created by Circular and Low-Carbon Innovation – Understanding Circular Economy and Governance | 3 |
| Independent Director | Fu, Chi-Ching | Independent Director Association | Latest Development Trends in Sustainable Governance Issues and Directors' and Supervisors' Responsibilities | 3 |
| | | Taiwan Institute of Directors | The Real Value Created by Circular and Low-Carbon Innovation – Understanding Circular Economy and Governance | 3 |
| Independent Director | Chen, Yi-Ling | Accounting Research and Development Foundation | ESG Summit: Net Zero Pathway for a Sustainable Future | 6 |

2.3.7.2. The Company's managers' pursuit of further education

| Job title | Name | Organizer | Course title | Training hours |
|---------------------------------|------------|--|--|----------------|
| Chief of Finance & Accounting | Wu, Li-Mei | Independent Director Association | Latest Development Trends in Sustainable Governance Issues and Directors' and Supervisors' Responsibilities | 3 |
| Corporate governance supervisor | | Taiwan Institute of Directors | The Real Value Created by Circular and Low-Carbon Innovation – Understanding Circular Economy and Governance | 3 |
| | | Accounting Research and Development Foundation | "Risk Management" Driving Sustainable Business Development | 6 |

2.3.7.3. The Company's Auditors' pursuit of further education

| Job title | Name | Organizer | Course title | Training hours |
|---------------|----------------|--|--|----------------|
| Audit Officer | Chen, Tien-Pao | Accounting Research and Development Foundation | "Risk Management" Driving Sustainable Business Development | 6 |
| | | | Latest Analysis of Regulations on "Annual Reports / Sustainability Information / Financial Report Preparation" and Internal Control Management Practices | 6 |
| Audit staff | Chen, Si-Hui | The Institute of Internal Auditors-Chinese | Enhancing the Practical Discussion on "Insider Trading" and "False Financial Reporting" and Strategies for Addressing Them | 6 |
| | | | The New Challenges for Internal Auditors – Analysis of Sustainability Information Disclosure, Management Policies, and Key Audit Points | 6 |

2.3.7.4. The Company's Financial report preparer's pursuit of further education:
None.

2.3.8. Internal Control System

2.3.8.1. Statement of Internal Control:

Please refer MOPS website and click on “Single Company > Corporate Governance > Company Regulations/Internal Control > Internal Control Statement Announcement” (<https://mops.twse.com.tw/mops/#/web/t06sg20>) (Securities Code: 8059).

2.3.8.2. Companies which commissions accountants to audit the internal control system shall reveal the audit report: None.

2.3.9. Important resolutions passed by shareholders meetings and board meetings during the most recent fiscal year up to the date of publication of the annual report.

2.3.9.1. Major Resolutions of Shareholders' Meeting and Board Meetings:

| Date of meeting | Resolution | Implementation |
|-----------------|---|--|
| 2024.6.6 | 1. Acknowledgement of 2023 annual business report and financial statement | The announcement and declaration have been completed in accordance with the law after the shareholders' meeting on June 6, 2024. |
| | 2. Approved 2023 Proposal of appropriation of profit and loss | Major information has been released on the Public Information Observatory after the shareholders' meeting on June 6, 2024. |
| | 3. Proposal to Partially Amend the Procedures for Loaning Funds to Others | The Procedures for Loaning of Funds to Others were uploaded and announced on the Market Observation Post System (MOPS) following the shareholders' meeting on June 6, 2024. |
| | 4. Releasing Directors from non-competition restrictions | List of Directors released from non-competition restrictions: Corporate Directors: Representatives of Kinpo Electronics, Inc.: Hsu, Chieh-Li, Chiang, Tai-Chang, Lin, Cheng-Hsien. After the shareholders' meeting on June 6, 2024, major information has been released on the Public Information Observatory and the content of the resolution is used as the basis for releasing the directors from non-competition restrictions. |

2.3.9.2. Important resolutions passed by the board of directors

| Date of meeting | Important resolution matters |
|-----------------|---|
| 2024.03.11 | 1. Approval of the Proposal for the Acknowledgment of the 2023 Statement on the Effectiveness of Internal Control |
| | 2. Approval of the Business plan for 2024 |

| Date of meeting | Important resolution matters |
|-----------------|--|
| | 3. Approval of proposal for application of line of credit from client. 4. Approval of the 2023 annual business report and financial statements 5. Approval of the 2023 Proposal of appropriation of profit and loss 6. Approval of the 2024 Evaluation of the certified accountant independence, suitability, AQI information and Remuneration of the company. 7. Approval of the Proposal for Request for Retroactive Recognition of Lease Assets from Related Parties. 8. Approval of the Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. 9. Approval of the Proposal to Release directors from non-competition restrictions 10. Approval of the Convening of the 2024 Annual General Shareholders' Meeting 11. Approval of the Application for bank line of credit |
| 2024.05.10 | 1. Approval of the Company's 2024 Q1 Consolidated Financial Statements 2. Approval of proposal for suspension of annual salary adjustment for managers in 2024 and submission of the proposal for discussion again in the fourth quarter in consideration of operating performance. 3. Approval of the 2024 Dragon Boat Festival and Mid-Autumn Festival bonus payment 4. Approval of the Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. 5. Approval of the Application for bank line of credit |
| 2024.08.12 | 1. Approval of the Company's 2024 Q2 Consolidated Financial Statements 2. Approval of the Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. 3. Approval of the Review of Kinpo Electronics' Treasury Stock Distribution. 4. Approval of the Application for bank line of credit |
| 2024.11.11 | 1. Approval of the Audit plan for 2025. 2. Approval of the Company's 2024 Q3 Consolidated Financial Statements 3. Approval of the Proposal to Amend the "Sustainable Development Committee Charter" and the "Risk Management Procedures" 4. Approval of the Proposal to Establish Internal Control and Audit Mechanisms for the Management of Sustainability Information. 5. Approval of the Proposal to Establish the Sustainability Best Practice Principles 6. Approval of the Proposal to Establish the Procedures for the Preparation and Verification of Sustainability Reports 7. Approval of the Proposal for the Approval of the 2023 Sustainability Report 8. Approval of the Proposal to Amend the Whistleblowing System 9. Approval of the Proposal for 2024 year-end bonus for managers. 10. Approval of the 2024 Manager Compensation Proposal. 11. Approval of the Review of Kinpo Electronics' Treasury Stock Distribution. 12. Approval of the Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. 13. Approval of the Application for bank line of credit |
| 2024.12.26 | 1. Approval of the Proposal for Matters Related to the Maturity of SPI Convertible Bonds. |
| 2025.03.11 | 1. Approval of the 2024 Internal Control System Declaration Proposal. 2. Approval of the 2024 Business Report and Financial Statements Proposal. 3. Approval of the 2024 Proposal of appropriation of profit and loss 4. Approval of the Business plan for 2025 5. Approval of the Proposal for Amendments to the Articles of Incorporation. 6. Approval of the Proposal for Defining the Scope of "Entry-Level Employees". |

| Date of meeting | Important resolution matters |
|-----------------|---|
| | 7. Approval of the Proposal for Partial Amendments to the Internal Control System and Internal Audit Implementation Rules. 8. Approval of the Proposal for 2024 year-end bonus for managers. 9. Approval of the Proposal for the 2025 Annual Salary Adjustment for Managers 10. Approval of the 2024 Dragon Boat Festival and Mid-Autumn Festival bonus payment 11. Approval of the Proposal for the Establishment of the Basis Date for the Conversion and Issuance of New Shares for Employee Stock Options and Related Matters. 12. Approval of the Proposal for the Company's re-election of Directors. 13. Approval of the Convening of the 2025 Annual General Shareholders' Meeting 14. Approval of the Application for bank line of credit |
| 2025.04.14 | 1. Approval of the review of the list of nominated director candidates 2. Approval of the Proposal to Release directors from non-competition restrictions 3. Approval of the amendments to the Rules of Procedure for Board Meetings |

2.3.10. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors in the latest year or as of the date of publication of the annual report:

| Board meeting date | Board meeting session | Agenda Items | Independent Directors have objection or qualified opinion. | The Company's handling of independent Directors' opinions |
|--------------------|---|---|--|--|
| 2024.12.26 | The 12 th of the 9 th board | Proposal for the Maturity of SPI Convertible Bonds. | Independent Director Mr. Chi-Ching Fu opted for the redemption proposal due to concerns over the target company's customer concentration and talent retention risks. | Based on the majority decision, three members opted for conversion and one member opted for redemption. The proposal to exercise the SPI CB conversion rights was approved, with the conversion base date set as the date of receipt of the investment approval letter from the local competent authority. |

2.4. Information Regarding the Company's Audit Fee and Independence

Unit: NT\$ thousands

| Accounting Firm | Name of CPA | Period Covered by the CPA's Audit | Audit Fee | Non-Audit Fee | Total | Remarks |
|-----------------|--|-----------------------------------|-----------|---------------|-------|--|
| PWC Taiwan | Chang, Shu-Chiung Wu, Han-Chi | 2024.1.1 ~ 2024.12.31 | 1,920 | 7,858 | 9,778 | Non-audit fees include: tax visa related services of NT\$ 680,000; offshore company maintenance and declaration services of NT\$ 36,000; capital verification services related to the issuance of new shares from employee stock option conversions of NT\$ 181,000; financial and tax due diligence services on investee companies of NT\$ 7,378,000; other review services of NT\$ 80,000. |
| | Chen, Min-Ching | - | | | | |
| Deloitte Taiwan | Wang, Jui-Hung Chang, Tsung-Ming Hsu, Hsiao-Ting | - | 0 | 497 | 497 | |

2.4.1. Companies that have replaced their accounting firm and has a lower audit fee than the year before replacement shall disclose the amounts before and after the replacement and reasons: not applicable.

2.4.2. If audit fees are lower than audit fees of the previous year by 10% or greater, the decreased amount, percentage, and reason shall be disclosed: not applicable.

2.5. Replacement of CPA:

| | | |
|---|---|--|
| Date of replacement | Upon expiration, the new ones will start from the first quarter of 2023 and from the second quarter of 2023. | |
| Reason for replacement and explanation | According to the letter No. 23000763 issued by the PwC Taiwan, in accordance with the rotation of accountants as stipulated by the law, the auditing accountants of the financial statements will be changed from HSU, SHENG-CHUNG and WU, HAN-CHI to CHANG, SHU-CHIUNG and WU, HAN-CHI with effect from the first quarter of 2023. In addition, due to the retirement of WU, HAN-CHI, the auditor of the financial statements will be changed from CHANG, SHU-CHIUNG and WU, HAN-CHI to WU, JEN-CHIEH and CHANG, SHU-CHIUNG with effect from the second quarter of 2023 in accordance with the internal adjustment of the accounting firm. | |
| The statement is that the appointor or accountant terminates or does not accept the appointment | Not applicable. | |
| Opinions on audit reports other than unqualified opinions issued within the last two years and the reasons for them | | |
| Any disagreement with the issuer | | |
| Other disclosures (those that should be disclosed in Article 10, Paragraph 6, Items 1(d) to 1(g) of this Code) | | |

2.6. Company Directors, General Managers, Managers of Finance or Accounting that were Employed by the CPA's Accounting Firm or Its Affiliated Corporation in the Most Recent Year: None.

2.7. Transfers or Pledge the shares by Directors, Managers or Shareholders with Shareholdings of over 10% in the Recent Year or as of the Date of Publication of the Annual Report:

2.7.1. Change in Shareholding of Directors, Managers, or Major Shareholders:

| Job title | Name | 2024 | | Current fiscal year as of April 30, 2025 | |
|--|-----------------|-------------------------------------|---|--|---|
| | | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) |
| Vice President | Ting, Pao-Chuan | 227,500 (Note1) | 0 | (220,000) (Note2) | 0 |
| Vice President | Lo, Hsiao-Wei | 62,500 (Note3) | 0 | 0 | 0 |
| Chief of Finance & Accounting, Corporate Governance Supervisor | Wu, Li-Mei | (10,000) (Note4) | 0 | 0 | 0 |

(Note 1) In 2024, 287,500 shares were converted through the exercise of employee stock options, and 60,000 shares were gifted to the children.

(Note 2) In 2025, 100,000 shares were gifted to the children and 120,000 shares to the spouse.

(Note 3) In 2024, 62,500 shares were converted through the exercise of employee stock options.

(Note 4) In 2024, 57,500 shares were converted through the exercise of employee stock options, and 67,500 shares were gifted to the children.

2.7.2. Information of Shares Trading:

Please refer MOPS website and click on “Shareholding Changes / Securities Issuance > Share Transfer Information Inquiry > Post-reporting Forms for Insider Shareholding Changes” (https://mops.twse.com.tw/mops/#/web/query6_1).
(Securities Code: 8059)

2.7.3. Information of Shares Pledge: None.

2.8. Information on Relationship Among the Top Ten Shareholders (Spouse, Relatives Within Two Degrees, etc.)

March 31, 2025 Unit: Shares,%

| Name | Current Shareholding | | Spouse's/minor's Shareholding | | Shareholding by Ninee Arrangement | | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees | | Remarks |
|---|----------------------|-------|-------------------------------|---|-----------------------------------|---|--|--------------|---------|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| Kinop Electronics, Inc. | 129,958,907 | 67.18 | 0 | 0 | 0 | 0 | N/A | N/A | |
| Representative:Hsu, Sheng-Hsiung | 0 | 0 | 0 | 0 | 0 | 0 | N/A | N/A | |
| Huang, Jung-an | 3,529,000 | 1.82 | 0 | 0 | 0 | 0 | N/A | N/A | |
| Huang, Kuang-Lin | 2,698,000 | 1.39 | 0 | 0 | 0 | 0 | N/A | N/A | |
| Kuo, Chun-Chieh | 2,642,000 | 1.36 | 0 | 0 | 0 | 0 | N/A | N/A | |
| Hsueh, Shu-Han | 1,423,000 | 0.73 | 0 | 0 | 0 | 0 | N/A | N/A | |
| SinoPac Commercial Bank – Custody Account for Rock Solid Private Equity Co., Ltd. Investment Account | 1,256,000 | 0.64 | 0 | 0 | 0 | 0 | N/A | N/A | |
| Capital Securities – Custody Account for Luk Fook Securities (Hong Kong) Co., Ltd. Investment Account | 1,145,000 | 0.59 | 0 | 0 | 0 | 0 | N/A | N/A | |
| Chen, Sheng-Wei | 1,128,552 | 0.58 | 0 | 0 | 0 | 0 | N/A | N/A | |
| Chang, Ching-Tsai | 1,000,000 | 0.51 | 0 | 0 | 0 | 0 | N/A | N/A | |
| CHiu, Chen-Li | 998,000 | 0.51 | 0 | 0 | 0 | 0 | N/A | N/A | |

2.9. Information of the Company Directors, Managers, or Businesses Directly or Indirectly Controlled by the Company

April 30, 2025 Unit: Shares, %

| Reinvestments | Investments by the Company | | Investments by Directors, Managers, or Directly or Indirectly Controlled Bussinesses | | Total Investments | |
|---|----------------------------|------|--|------|-------------------|------|
| | Shares | % | Shares | % | Shares | % |
| CastleNet Technology (BVI) Inc. | 8,708 | 100% | - | - | 8,708 | 100% |
| CastleNet Technology Inc (Kunshan). (N 2) | - | - | - | 100% | - | 100% |

Note 1: The Company uses the equity method for long-term investment.

Note 2: CastleNet Technology (BVI) Inc. hold shares of 100%

III. Capital Overview

3.1. Capital and shares

3.1.1. Source of capital

Unit:NTD, Shares/k, April 30, 2025

| Year Month | Par Value (NT\$) | Authorized capital | | Paid-in capital | | Remarks | | |
|---------------|------------------------|--------------------|-----------|-----------------|-----------|---|--|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Property other than cash paid by subscribers. | Other(Note 1) |
| 1998.6 | 10 | 200,000 | 2,000,000 | 50,000 | 500,000 | Established | - | - |
| 1999.7 | 12 | 200,000 | 2,000,000 | 75,000 | 750,000 | Capitalization of Cash NTD 250,000k | - | 1999.6.30(88)Tai TsaiCheng(1) No. 57638 |
| 2000.6 | 10 | 200,000 | 2,000,000 | 79,500 | 795,000 | Capitalization of retained earnings NTD 45,000k | - | 2000.6.8(89)Tai TsaiCheng(1) No. 49574 |
| 2001.6 | 10 | 200,000 | 2,000,000 | 82,290 | 822,900 | Capitalization of retained earning NTD 12,000k Capitalization of Capital surplus NTD 15,900k | - | 2001.6.26(90)Tai TsaiCheng(1) No. 140535 |
| 2002.7 | 10 | 200,000 | 2,000,000 | 83,890 | 838,900 | Capitalization of retained earning NTD 16,000k | - | 2002.7.18 Tai TsaiCheng(1) No. 0910140090 |
| 2010.3 | 15 | 200,000 | 2,000,000 | 92,600 | 926,000 | Capitalization of Cash for IPO NTD 87,100k | - | 2010.03.01 Ching Kong Shang Tzu No. 0990006803 |
| 2014.11 | 10 | 200,000 | 2,000,000 | 91,118 | 911,180 | Divestment NTD 14,820k | - | 2014.11.27 Cheng Kuei Chien Tzu No. 10300326601 |
| 2018.10 | 10 | 200,000 | 2,000,000 | 86,118 | 861,180 | Divestment NTD 50,000k | - | 2018.10.05 Ching Shou Shang Tzu No. 10701121850 |
| 2019.12 | 10 | 300,000 | 3,000,000 | 188,618 | 1,886,180 | Capital Increase NTD1,025,000k | - | 2019.11.25 Ching Shou Shang Tzu No. 10801166410 |
| 2023.9 | 10 | 300,000 | 3,000,000 | 190,500 | 1,904,995 | ESOP converted into new shares and resulting in an increase of NTD 18,815k in capital | - | 2023.9.8 Ching Shou Shang Tzu No. 11230169110 |
| 2024.1 | 10 | 300,000 | 3,000,000 | 190,891 | 1,908,905 | ESOP converted into new shares and resulting in an increase of NTD 3,910k in capital | - | 2024.1.3 Ching Shou Shang Tzu No. 11230229200 |
| 2024.4 | 10 | 300,000 | 3,000,000 | 192,547 | 1,925,468 | ESOP converted into new shares and resulting in an increase of NTD 16,563k in capital | - | 2024.4.8 Ching Shou Shang Tzu No. 11330050480 |
| 2024.5 | 10 | 300,000 | 3,000,000 | 192,631 | 1,926,305 | ESOP converted into new shares and resulting in an increase of NTD 837k in capital | - | 2024.5.28 Ching Shou Shang Tzu No. 11330087650 |
| 2024.9 | 10 | 300,000 | 3,000,000 | 192,807 | 1,928,065 | ESOP converted into new shares and resulting in an increase of NTD 1,760k in capital | - | 2024.9.24 Ching Shou Shang Tzu No. 11330160390 |
| 2024.12 | 10 | 300,000 | 3,000,000 | 193,119 | 1,931,190 | ESOP converted into new shares and resulting in an increase of NTD 3,125k in capital | - | 2024.12.2 Ching Shou Shang Tzu No. 11330209330 |

| Year Month | Par Value (NT\$) | Authorized capital | | Paid-in capital | | Remarks | | |
|---------------|------------------------|--------------------|-----------|-----------------|-----------|--|--|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Property other than cash paid by subscribers. | Other(Note 1) |
| 2025.3 | 10 | 300,000 | 3,000,000 | 193,442 | 1,934,418 | ESOP converted into new shares and resulting in an increase of NTD 3,228k in capital | - | 2025.4.1 Ching Shou Shang Tzu No. 11430042470 |

Note 1: Disclose the information for the current fiscal year up to the date of publication of the annual report.

Note 2: For a capital increase, specify the date and reference number of the official letter under which the increase was effectively registered (or approved).

Note 3: If any stock is issued at less than par value, this should be prominently indicated.

Note 4: If capital is paid in by offsetting monetary claims or technology against the price of shares, please specify, and also note the type and monetary amount of the offset.

Note 5: If it is a private placement, the fact that it is a private placement should be prominently indicated.

Note 6: As of the date of publication of this annual report, the total number of issued shares was 193,445,750 shares. Among them, 4,000 new shares are to be issued through the conversion of employee stock options. Once the Company's most recent Board of Directors approves the proposal to set the record date and related matters for the issuance of new shares through employee stock option conversion, the Company will proceed with the registration of the capital amendment in accordance with the law. Upon completion, the total number of outstanding shares will remain 193,445,750 shares, and the total paid-in capital will be NT\$1,934,457,500.

1. Type of Shares

April 30, 2025 Unit: Shares

April 30, 2025 Unit: Shares

| Type of Shares | Authorized Capital | | | | Remarks |
|----------------|----------------------|-------------|------------------|--------------|---|
| | Issued Shares (Note) | | Un issued Shares | Total Shares | |
| | Listed | Un-Listed | | | |
| Common Shares | 90,945,750 | 102,500,000 | 106,554,250 | 300,000,000 | (Note)Please refer to Note 6 on page 100 for further explanation. |

2. Information on Shelf Registration: None.

3.1.2. List of major shareholder (Top-10 Shareholders)

March 31, 2025/Unit:Shares

| Major Shareholders | Shares | Number of Shares Held | Shareholding |
|---|--------|--------------------------|--------------|
| Kinop Electronics, Inc. | | 129,958,907 | 67.18 |
| Huang,Jung-an | | 3,529,000 | 1.82 |
| Huang, Kuang-Lin | | 2,698,000 | 1.39 |
| Kuo,Chun-Chieh | | 2,642,000 | 1.36 |
| Hsueh, Shu-Han | | 1,423,000 | 0.73 |
| SinoPac Commercial Bank – Custody Account for Rock Solid Private Equity Co., Ltd. Investment Account | | 1,256,000 | 0.64 |
| Capital Securities – Custody Account for Luk Fook Securities (Hong Kong) Co., Ltd. Investment Account | | 1,145,000 | 0.59 |
| Chen,Sheng-Wei | | 1,128,552 | 0.58 |
| Chang,Ching-Tsai | | 1,000,000 | 0.51 |
| CHiu,Chen-Li | | 998,000 | 0.51 |

3.1.3. Dividend Policy and Implementation Status

1. Dividend Policy of Articles of Incorporation

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.

However, if the Company still has accumulated losses, the amount used to make up the accumulated losses shall be reserved in advance.

The profits in current years mentioned in the preceding paragraph refer to pre-tax profit acquired before deduction of the 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 for 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 authority. If there is still a surplus, the Board of Directors shall, according to the actual needs, propose the appropriation of 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. When the surplus is thus distributed to issue new shares, it shall be distributed after a resolution made by the shareholders' meeting is passed.

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 the 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 the current year.
2. The circumstances of the proposed dividend distribution at the shareholders' meeting: As there was no profit recorded for fiscal year 2024, no dividends will be distributed in accordance with the Articles of Incorporation.
 - 3.1.4. Effect upon business performance and earning per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.
 - 3.1.5. Compensation of employees and directors:
 1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation.
 2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The company estimates the amount of employee and directors compensation according to a certain ratio within the range of the percentage set in the company's articles of association;

Where employee compensation is distributed in shares, the calculation is based on the closing price of the common stock on the day before the resolution of the board of directors, and the employee stock compensation for less than one share shall be paid in cash.

If there is a discrepancy between the actual distribution amount and the estimated amount, it shall be treated according to the change in accounting estimate, and shall be adjusted and recorded in the distribution year.
 3. Board of directors' resolution on compensation distribution: As there was no profit recorded for fiscal year 2024, no dividends will be distributed in accordance with the Articles of Incorporation.
 4. Actual distribution of employee and director compensation in the previous fiscal year: None.
 - 3.1.6. Buy-back of Treasury Stock: None

3.2. Issuance of corporate bonds: None.

3.3. Preferred shares: None

3.4. Issuance of Global Depositary Receipts: None

3.5. Employee Stock Options

3.5.1. Unexpired employee subscription warrants issued by the company in existence as of the date of publication of the annual report

April 30, 2025

| Type of employee stock warrant | First employee stock option certificate issued in 2019 | | First employee stock option certificate issued in 2020 | |
|--|---|---------------------------------|--|--|
| Effective date of Registration and Number of units issued | August 22, 2019 8,508 units | | Decemeber 2ed, 2020 3,000 units | |
| Date of Issuance/exercise (N 4) | August 30, 2019 | December 25, 2020 | November 24, 2020 | |
| Number of units issued | 8,508 units | 1,663 units | 1,337 units | |
| Available Issued Units | 0 units | 0 units | 0 units | |
| Ratio of subscribable shares to total issued shares | 4.51070% | 0.88168% | 0.70884% | |
| Subscription period | 7 years (2019.8.30-2026.8.29) | 7 years (2020.12.25-2027.12.24) | 7 years (2021.11.24-2028.11.23) | |
| Exercise method | Issue new shares | Issue new shares | Issue new shares | |
| Period and ratio in which subscription is restricted(%) | After two full years since the issuance of employee stock warrants, 50% of the total employee stock options may be exercised, After three full years since the issuance of employee stock warrants, 75% of the total employee stock options may be exercised, After four full years, employees may fully exercise stock options.(Stock option ratio shall be calculated on a cumulative basis) | | | |
| Number of the shares subscribed | 3,529,000 shares | 785,500 shares | 513,250 shares | |
| Subscription price per share of the unsubscribed shares | NTD 44,465,400 | NTD 8,993,976 | NTD 5,543,100 | |
| Number of shares that have not been subscribed | 1,599,000 shares | 512,750 shares | 316,750shares | |
| Subscription price per share of the unsubscribed shares | 12.60 dollars | 11.45 dollars | 10.80 dollars | |
| Ratio of the number of unsubscribed shares to total issued shares(%) | 0.82661% | 0.26507% | 0.16374% | |
| Effect on shareholders' equity | After two full years since the Company's issuance of employee stock warrants, the execution plan will be carried out over the course of five years. Estimated ratio of subscribable shares to total issued shares will dilute original shareholder equity year by year. It should not cause significant impact, and can encourage employees to invest long-term effort into the job and enhance internal coherence, which will create benefits for the Company and shareholders. It will be beneficial to shareholder equity as well. | | | |

Note 1: Employee share subscription warrants include publicly offered and privately placed employee share subscription warrants. Publicly offered employee share subscription warrants are those that have been effectively registered with the FSC; privately placed employee share subscription warrants are those that have been approved by a resolution of the shareholders meeting.

Note 2: Adjust the number of columns according to the actual number of issues.

Note 3: Note whether the method is by delivery of issued shares or issuance of new shares.

Note 4: Fill in all the required information separately for warrants of different issue (handling) dates.

Note 5: If it is a private placement, the fact that it is a private placement should be prominently indicated.

Note 6: The difference between the total number of shares with stock options exercised/not exercised and the number of stock options available based on the issued units is the number of the invalid employee stock option certificates.

Note 7: The original share subscription price is NT\$ 13.60/share. The share subscription price is adjusted according to the provisions of Article 7 of Regulations Governing the Issuance of Employee Stock Option Certificates.

Note 8: As of the date of publication of this annual report, the total number of issued shares was 193,445,750 shares. Among them, 4,000 new shares are to be issued through the conversion of employee stock options. Once the Company's most recent Board of Directors approves the proposal to set the record date and related matters for the issuance of new shares through employee stock option conversion, the Company will proceed with the registration of the capital amendment in accordance with the law. Upon completion, the total number of outstanding shares will remain 193,445,750 shares, and the total paid-in capital will be NT\$1,934,457,500.

3.5.2. List of top-level company executives holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives as of the date of publication of the annual report

April 30, 2025/Unit: NTD

| Executed | | | | | | | Not yet executed | | | | | | | |
|---|--|--------------------------------|--|---|--|--------------------------------|--|---|---------|---------------|--------|---------------|-----|----------|
| Percentage of acquired share subscription warrants of total number of issued shares | Number of share subscription on warrants (Thousand shares) | Price of stock option (Dollar) | Amount of stock option (Thousand shares) | Percentage of acquired share subscription warrants of total number of issued shares | Number of share subscription on warrants (Thousand shares) | Price of stock option (dollar) | Amount of stock option (Thousand shares) | Percentage of acquired share subscription warrants of total number of issued shares | | | | | | |
| | | | | | | | | | | | | | | |
| Number of share subscription warrants acquired (Thousand shares) | Name | Title | Vice President | Ting,Pao-Chuan | 875 | 0.45223% | 787.5 | 10.80 ~ 12.60 | 9,482 | 0.40710% | 87.5 | 10.80 ~ 11.45 | 961 | 0.04523% |
| | | | Vice President | Lo,Hsiao-Wei | | | | | | | | | | |
| | | | Head of F&A Vision Corporate governance supervisor | Wu,Li-Mei | | | | | | | | | | |
| | | | Head of R&D Vision | Chang,Wen-Chuan | | | | | | | | | | |
| | | | Head of Audit | Chen,Tien-Pao | | | | | | | | | | |
| Employee | Assistant manager | Tang,Yung-Ju | 3,050 | 1.57670% | 1,508.5 | 10.80 ~ 12.60 | 18,730 | 0.77982% | 1,541.5 | 10.80 ~ 12.60 | 18,894 | 0.79688% | | |
| | Headquarters Senior Director | Hsu,Hua-Mei | | | | | | | | | | | | |
| | Director | Huang,Chi-Hsien | | | | | | | | | | | | |
| | Senior Director | Tsai,Su-Yu | | | | | | | | | | | | |
| | Manager | Yeh,Jih-Wei | | | | | | | | | | | | |
| | Senior Director | Tsai,Chiu-Yuan | | | | | | | | | | | | |
| | Senior Director | Chang, Wen-Chuan | | | | | | | | | | | | |
| | Director | Chiang,Hai-Yu | | | | | | | | | | | | |
| | Headquarters Director | Chou,Yeh-Ti | | | | | | | | | | | | |
| | Headquarters Vice Director | Si, Chih-Yun | | | | | | | | | | | | |

Note 1: The names and job titles of the managerial officers and employees should be presented individually (and an annotation should be made in the event an officer or employee has departed the company or died), but the quantities acquired and subscribed may be presented in aggregate sums.

Note 2: Adjust the number of columns according to the actual number of issues.

Note 3: The top ten employees who have acquired share subscription warrants means employees other than managerial officers.

Note 4: The total number of issued shares means the number of shares in the amendment registration information on record with the Ministry of Economic Affairs.

Note 5: For exercised employee share subscription warrants, disclose the exercise price at the time of exercise.

Note 6: For unexercised employee share subscription warrants, disclose the adjusted exercise price as calculated based on the issuance rules.

Note 7: As of the date of publication of this annual report, the total number of issued shares was 193,445,750 shares. Among them, 4,000 new shares are to be issued through the conversion of employee stock options. Once the Company's most recent Board of Directors approves the proposal to set the record date and related matters for the issuance of new shares through employee stock option conversion, the Company will proceed with the registration of the capital amendment in accordance with the law. Upon completion, the total number of outstanding shares will remain 193,445,750 shares, and the total paid-in capital will be NT\$1,934,457,500.

3.6. Status of employee restricted stock: None.

3.7. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

3.8. Financing Plans and Implementation: None.

IV. Operational Highlights

4.1 Business Activities

4.1.1. Business Scope

1. Content of main businesses

CastleNet Tech. Inc. has been focusing on the field of network communication and is a professional OBM/ODM manufacturer of netcom products. The main contents of the business include the design, research and development, production and sales of the following products:

- Broadband Cable CPE
- Mesh Wi-Fi System

From the perspective of professional field, CastleNet Tech. Inc. not only has DOCSIS professional technology and is in a leading position in the industry, but also further develops Wi-Fi, 5G FWA, and other related network communication technologies. Through the integration of production resources with the parent group, CastleNet Tech. Inc. has the ability to manufacture high-tech products in addition to R&D and design.

2. Operational proportion of each product:

Unit: NT\$Thousands;

| Product /Year | 2024 | |
|----------------------|---------|----------------|
| | Amount | Percentage (%) |
| Consumer Electronics | 396,699 | 96.45 |
| Others | 14,581 | 3.55 |
| Total | 411,280 | 100.00 |

3. Current products

- (1) Broadband CPE: Cable Modem, Cable Router, Voice gateway (EMTA Gateway), cable modem module (Cable Modem Module).
- (2) Mesh Wi-Fi CPE: Mesh Wi-Fi Controller, Mesh Wi-Fi Extender, remote device management software system.

4. New products to be developed

- (1) 10G DOCSIS 3.1+ dual band cable gateway/UD4.0 tri-band cable gateway that supports Wi-Fi 7 and complies with the EasyMesh R6 standard.
- (2) Tri-band mesh wireless routers that support Wi-Fi 7.
- (3) Tri-band mesh wireless extender that supports Wi-Fi 7.
- (4) Next-generation network communication module compatible with DOCSIS 3.1/4.0/UD4.
- (5) Passive optical network terminal equipment (GPON ONT & XGS-PON ONT).
- (6) Fixed wireless access devices (FWA).

4.1.2. Industry overview

1. Industry status and prospects

(1) Cable CPE

The overall shipment performance of Cable modem in 2024 is summarized as follows: due to the saturation of fixed line broadband and the growth of wireless broadband in North America, the traditional Cable product market shrank by about 5% in 2024. Based on this, the industry has integrated the previously fragmented 4.0 market into a unified 4.0 specification, resulting in a delay in the import schedule of new products for existing customers. It is expected that the new Unified 4.0 technology will be promoted in the North American market between 2026 and 2028 and gradually stabilize.

In 2024, the main MSO broadband customers in North America are experienced a loss of approximately 1.24 million users, mainly due to the end of government subsidy policies and fierce competition from telecom operators in fiber optic and wireless broadband. The transformation of fixed line telecommunications companies to replace copper wires with fiber optics is accelerating; In the short term, Fixed Wireless Access (FWA) is being used to accelerate the phasing out of DSL and Cable Modems, while the long-term plan still focuses on providing fixed network services with 10G or more fiber optic cables.

On the other hand, under the dual challenges of high interest rates and labor shortages, existing fixed line operators rely on Cable Modems to provide services in existing service areas, leveraging the advantages of cost and local base. In 2024, operators and equipment suppliers in various countries are still facing difficulties such as high inventory, low demand, and difficulty in deleveraging and reducing debt, and are considering integrating or withdrew from the market. Therefore, making good use of existing assets and introducing AI collaboration to improve resource utilization, enhance service quality, and reduce labor costs is becoming increasingly a trend.

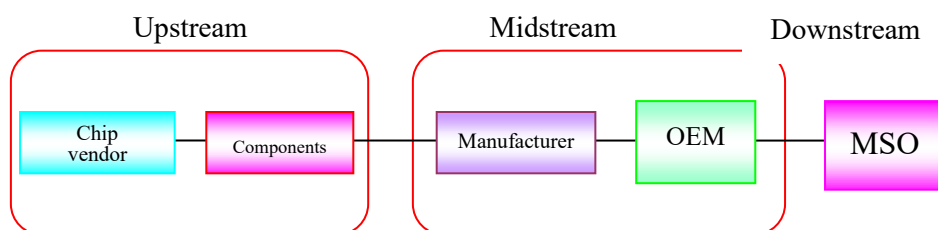
The chip shortage problem in 2024 has eased to some extent, but customers still face the problem of reduced demand and deferred inventory disposal in the short term, making it difficult to increase orders. Future tariffs and inflation factors may further compress demand. After the inventory level drops, high-efficiency 10G 3.1+/4.0 products will be introduced for replacement, which is expected to support the increase in average selling price (ASP) and output value.

(2) Wi-Fi Router

In 2024, the global economy will continue to be sluggish, and the demand for routers in the market will also show signs of weakness. In terms of upstream supply chain, Wi-Fi chipset delivery time has improved, and major manufacturers are actively launching products that meet the new standards, such as Wi-Fi 7, to stimulate market demand. However, currently most of the shipped products are still dominated by dual band Wi-Fi 6. It is expected that Wi-Fi 6 will continue to grow in developed markets before 2026; In emerging countries, the market share of Wi-Fi 6 will continue to expand until 2028.

The supply chain is currently actively laying out and preparing to embrace the business opportunities and challenges brought by Wi-Fi 7. However, the high cost of tri-band wireless routing products tests the market's affordability. A research report shows that the upgrade of tri-band Wi-Fi 7 wireless routing products is expected to occur after the second half of 2026. Prior to this, the performance difference between dual band Wi-Fi 6 and Wi-Fi 7 was not significant, which also affected the introduction schedule of new Wi-Fi 7 products. The shipment volume of routers in 2024 remains conservative, and the market is still severely affected by inventory depletion throughout the year. Wi-Fi 7 When it can become the main driving factor for consumer upgrading will depend on the speed of cost reduction in 6GHz, the degree of improvement in economic prospects, and the progress of new applications such as next-generation smartphones or low-cost VR devices.

2. Association between upstream, midstream, and downstream industry participants:



The role played by CastleNet in the broadband communication equipment industry is a midstream manufacturer of access end products. The upstream chip supplier provides the chip set, which is designed and produced by the manufacturer

into various specifications to meet the needs of each market, and then provided to the equipment supplier for sale in the market. The main business model is OBM/ODM, providing operators with customized design and manufacturing services. The complete process includes proposal, design execution, test verification, acceptance, batch trial production and mass production shipment. With strong R&D and design capabilities and rich production experience, CastleNet minimizes the time of customers' products to the market and reduces product development costs.

3. Industry development trend

Despite the increasing trend of network speed and bandwidth, operators are still actively investing in network construction, maintenance, and upgrades. They introduced fixed mobile integration, virtualization AI Advanced technologies such as assistance are expected to achieve multiple goals of improving network performance, integrating resources, and reducing costs.

According to ITU statistics as of the third quarter of 2024, the global number of fixed broadband users has reached 1.484 billion. Among various access technologies, the scale of Cable Modems is second only to PON. However, due to the excessive construction of 5G mobile technology, the growth momentum of fixed line users in the future will gradually become saturated. Therefore, in addition to continuously improving fixed line speeds and Wi Fi access bandwidth, transitioning to a service-oriented network will become a top priority for future development.

Faced with the gradual upgrading of global DSLs to PON and FWA, global operators mainly rely on government subsidies to gradually increase the scale of broadband users, as the growth of fixed network users slows down. As of the second quarter of 2024, the global cable modem broadband users were approximately 2.09 billion, with North America remaining the largest market, accounting for about 53% of the global market, followed by Europe with 20%; Central and South America accounts for 19% of the third largest market. In 2024, the shipment volume of DOCSIS 3.1 CPE accounted for approximately 84% of the overall cable market.

In response to the continuous competition of PON, the demand for DOCSIS 3.1 CPE is also rising in Central and South America. The overall market is still dominated by products without wireless networks, but through the Wi-Fi extender that supports the mesh function, the overall deployment can be more complete.

Since 2019, large operators in Europe and America started to adopt DOCSIS 3.1 terminal products. Facing the continuous upgrading of 10G PON equipment by

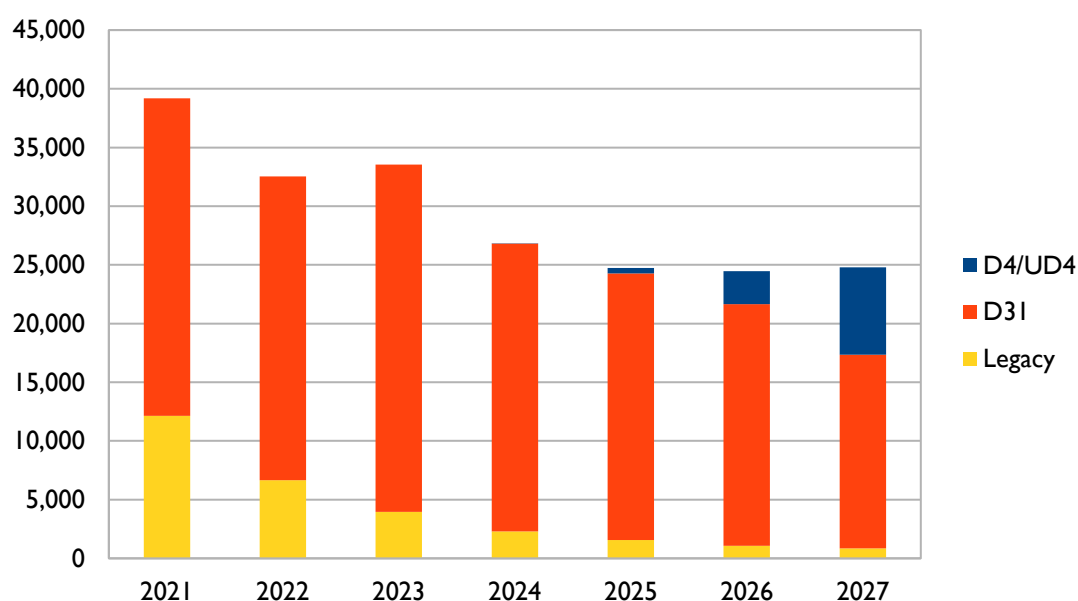
telecom operators, operators have progressively improved Gbps network transmission services since the second half of 2022 and started two sets of DOCSIS 3.1 uplink and downlink signals.

Although operators actively promote users to upgrade to the new generation of technology, the trade-off between cost and networking needs will affect the speed of popularization of new specification terminal products. At present, the main driving force for the development of DOCSIS 4.0 is to cope with the competition of 10G PON, and operators are under the dual pressure of 10G PON and FWA. Compared with 10G PON, DOCSIS 4.0 has the advantage of lower upgrade costs per household; Compared to FWA, it has larger capacity, faster speed, and higher stability.

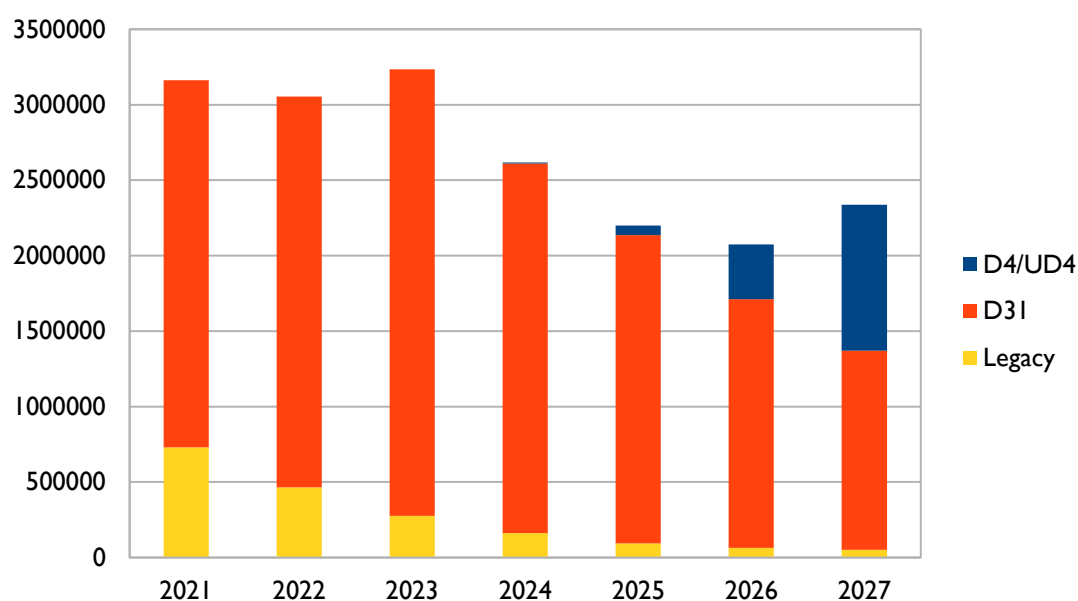
After years of fiber optic and 5G network deployment, both technologies are facing the problem of over construction, resulting in excess capacity for low-priced competition. The largest North American market for Cable Modems has experienced negative growth in user numbers for the first time since the third quarter of 2023. After the end of ACP subsidies, the rate of user churn will accelerate in 2024, resulting in a significant reduction in the overall market size. Therefore, the previously divergent DOCSIS 4.0 specifications have been unified into a single standard under this influence, and are expected to be officially released in the second half of 2025. Due to this change, the import schedule of DOCSIS 4.0 has been postponed, and the two major operators have also postponed their DOCSIS upgrade plans by one year.

Looking ahead to the first half of 2025, delays in the advancement of new technologies and uncertainties in North American trade may have a negative impact on the shipment of new products. Like DOCSIS 3.1 Wi-Fi 6 Mature models such as the 2-BOX Wi-Fi 6 and even downgraded products are still mainstream shipping products in the market. In the initial stage, the main shipping models of DOCSIS 4.0 may be products without Wi-Fi function, and it is expected that there will be a small amount of shipments in the second half of 2025. The integrated model will only be introduced after the production and technology of Unified 4.0 are mature. It is expected that although the shipment volume of Cable Modems may slowly decline, there is still hope for sustained growth in output value.

Worldwide shipment forecasting (internal forecasting)



Output value forecasting (internal forecasting)



Wireless network technology is moving towards the new Wi-Fi 7 standard, and international chip companies including Qualcomm, Broadcom, MediaTek and others are launching Wi-Fi 7 chips. Relevant network manufacturers and industrial chains are also ready, and it is expected to be deployed in small quantities by 2025, and will become the main focus of shipment in 2026.

At present, Wi-Fi The market has a diverse range of devices, mainly including grid wireless routers, wireless access points, home gateways, and grid wireless extenders. Among them, the wireless access point market is expected to

occupy the largest share in the Wi-Fi market by 2024. To investigate the reasons, Wi-Fi 6/7 Technology can not only extend Wi-Fi coverage to businesses and homes to accommodate more access points, but more importantly, more and more smart devices are choosing Wi-Fi 6/7 to support dual band Wi-Fi and achieve efficient connectivity for multiple devices. The grid wireless router market is expected to grow at the highest compound annual growth rate. This is due to its ability to create a more powerful and stable home and small office network environment for users, especially in the context of the increasing popularity of AioT (Artificial Intelligence Internet of Things) devices, where its connectivity and network management capabilities are fully utilized. With the help of AI intelligent algorithms, it can automatically optimize network configuration, ensuring that every connected device can obtain the best network experience.

Looking ahead to the next generation of Wi-Fi 7 R2, companies such as MediaTek, Qualcomm, and Broadcom have proactively launched strategic layouts. At the 2025 CES exhibition, major manufacturers announced that the application schedule of Wi-Fi 7 R2 products will be concentrated in the second half of 2025, with the initial focus on mid to high end retail models. After the 10G PON/DOCSIS 4.0 product with built-in Wi-Fi 7 matures, the shipment volume of operators is expected to gradually increase, and it is expected to see a significant increase in shipment volume between 2025 and 2026. At that time, AI Technology will also be deeply integrated into these products, such as using AI to achieve more intelligent network traffic management, automatically allocating network resources according to different application scenarios and user needs, and ensuring smooth operation of network latency sensitive applications such as video conferences and online games.

Overall, with the strong introduction of Wi-Fi 7, wireless network technology will leap to a new stage of development. All industry players are actively promoting to meet the needs of future digitization and intelligence. 2025 will be a critical moment for the large-scale shipment of Wi-Fi 7 products, bringing higher performance and wider application possibilities to the entire wireless communication field.

4. Product competition

(1) Cable CPE

As countries are continuing to promote broadband popularization, it is expected that there will be approximately 1.5 billion fixed-line broadband users worldwide in 2025. Among them, fiber users are expected to increase while DSL and Cable users are expected to decrease. From a regional perspective, the Asia-

Pacific region currently accounts for more than half of the world's fixed broadband households; Cable is in the leading position in North America and Latin America. The Middle East, and Africa still support the use of DSL and LTE/5G, and fixed-line broadband users in Asia Pacific, led by mainland China, and Eastern Europe, are dominated by fiber.

In Eastern Europe, fixed broadband connection speeds have risen steadily in recent years, with Hungary, Latvia, Lithuania, and Estonia topping the list. Fiber optic networks are ubiquitous in major cities, but many homes in remote areas still rely on traditional DSL and Cable that support relatively low internet speeds.

Cable broadband users in the United States account for 60.3% of the total. Additionally, DSL and fiber users combined account for about 32.1%. Growth of ultra-fast fixed broadband is accelerating in Latin America's five largest fixed broadband markets—Argentina, Mexico, Brazil, Chile, and Colombia—with top-tier products growing up to 10 times faster than the overall market in each country. However, these top services still represent a small percentage of total users in these markets. As of the third quarter of 2024, the number of fiber optic users in Latin America is approximately 74.5 million, while Cable broadband users still exceed 30.58 million, accounting for approximately 24.4% of the total broadband users.

Taiwanese manufacturers account for the majority of the world's shipments, with the largest shipments being from Foxconn, Pegatron, and KinPo ODM, which are OEM to American, French, and Korean brand manufacturers. For their own brands or direct attacks, they include Sercomm, Hitron, CBN, Arcadyan, and others such as CastleNet and Askey. The market is relatively stable.

The next generation DOCSIS 3.1 and UD4 products from CastleNet are imported into NPU and use the most mainstream solutions in the market, which have significant advantages in compatibility and future functionality.

(2) Wi-Fi Router

As Wi-Fi 6 devices gradually dominate the market, Wi-Fi 6E devices are also actively being deployed comprehensively. However, the cost of tri band models is high, and the 6 GHz Wi-Fi 6E is seen by the market as a transitional technology. Until 2026, the mainstream market will still be dominated by 2.4/5G Wi-Fi 6 dual band models, while the 3-band Wi-Fi 6E is still under observation due to market acceptance not reaching the expected level.

In addition, cloud management of Wi-Fi will shift from brand-specific management specifications to open industry specifications, including TR369USP, EasyMesh, Prplmesh, Opensync, and TIP OpenWi-Fi. The challenges of complex

network management and spectrum interference processing will drive an increasing demand for artificial intelligence/machine learning capabilities. CastleNet has been committed to the research and development of open technology and the latest artificial intelligence cloud platform for many years and has obtained multiple WFA EasyMesh and Plume certifications in 2023 and 2024, which helps CastleNet maintain its leading position in the fiercely competitive market.

4.1.3 Technology and R&D Overview

1. Technical Level and Research Development of Our Business

The main product of CastleNet is Cable CPE, which combines VoIP and wireless network technologies to provide telecom and cable TV operators with integrated services in fixed-line broadband network systems.

In the new generation of DOCSIS 3.1 products, our company has achieved mature development technology, providing wired and wireless interfaces with ultra high speed bandwidth, supporting cloud services and home network device connections, allowing operator customers to provide highly competitive high-quality services to end consumers, and diversifying our product line such as Wi-Fi 6/7 mesh wireless routers and extenders, enabling operator customers to flexibly provide different interface solutions based on different home networks, enabling customers to more effectively manage and maintain client network equipment, and improve user satisfaction with the network environment.

2. Research and Development Expenses over the past five years

Unit: NT\$ Thousands;

| Item /Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-----------|-----------|-----------|---------|---------|
| R&D Expenses | 70,679 | 93,665 | 117,989 | 131,876 | 128,086 |
| Net Revenue | 1,295,230 | 1,692,313 | 1,145,661 | 556,439 | 411,280 |
| Ratio to net revenue% | 5.46% | 5.53% | 10.30% | 23.70% | 31.14% |
| 2025 annual R&D expenses NT\$131,969 (est.)(Please refer to page 105 of this annual report for future R&D plans) | | | | | |

3. Technologies or products successfully developed in the last year

- (1) The DOCSIS 3.1 cable gateway.
- (2) Cloud management of Wi-Fi 6 DOCSIS 3.1 cable gateway.
- (3) DOCSIS 3.0 and 3.1 status monitoring transponder used in CATV/HFC network power supply.

- (4) Wi-Fi 6/6^E mesh wireless routers
- (5) Wi-Fi 6/6^E mesh wireless extender

4.1.4 Long-term and Short-term Business Development Plan

1. Short-term Development Plan

- (1) Marketing strategy: continuing to develop existing customers and markets, and meeting customer needs with high-quality products. Providing customers with customized products in a timely manner so that the product design is more in line with the operator's profit-making and service needs.
- (2) Production quality improvement and cost reduction: improving product quality, introducing automation, reducing labor requirements, increasing unit production capacity, controlling production costs, and increasing profit margins.
- (3) Adjusting the proportion of product business, reducing the product business with a long development time, and increasing the shipment ratio of high value-added product lines.

2. Long-term Development Plan

- (1) Expanding products based on cable modems and system integration business, relying on proprietary development technology, and actively investing in highly integrated and high-value niche products to deepen product differentiation.
- (2) Developing new product lines, including 5G fixed wireless access-related products, exploring new market customers, and diversifying customer and regional risks, in order to obtain long-term stable orders and achieve annual growth goals.
- (3) Strengthening production and sales capabilities, expanding the operating scale, reducing operating costs to consolidate the market position, and increasing brand awareness and market share.
- (4) Fully leverage the Group's global manufacturing advantages, improving production technology and quality, and replacing manpower with automation to increase production capacity and controlling production costs to increase profit margins.

4.2 Market and Production and Market Overview

4.2.1. Market Analysis

1. Market share

The global market share of CastleNet products is about 1%, and the main markets are Taiwan, Japan, Southeast Asia, and Central and South America. In line with the market trend, CastleNet still keeps persevering with OBM as its main business model. With the high R&D energy and marketing experience, combined with cooperation with the local system integrator partners in various markets, CastleNet actively collaborate with system integration partners from various regions. At the same time, CastleNet is committed to exploring emerging markets to expand business opportunities and enhance product competitiveness, further enhancing the company's value.

At the moment, over 80% of the products shipped by CastleNet have wireless network functions, mainly high-end home routers. This integrated research and development, manufacturing, sales, and system integration business enables CastleNet to directly engage with end users and achieve direct sales compared to other competitors who only engage in contract manufacturing. Looking ahead to the future, CastleNet will continue to focus on product research and development and also working closely with customers to respond to market demand in more flexible way. The company will continuously enhance its innovation capabilities, provide customers with more valuable services, and pursue higher-quality products. With all the efforts, CastleNet will achieve continued growth in the future.

2. Future market supply, demand, and growth

Faced with the wave of global digital transformation, the demand for advanced multifunctional integrated terminal devices is becoming increasingly significant. With the rise of AI, the demand for network stability has also increased significantly. Only technologies with higher bandwidth have enough operating space to meet the increasingly complex needs of users.

With operators actively promoting fiber optic services, fiber optic has become the mainstream of fixed broadband technology, accounting for about 47% of the overall broadband user market share in 2022. On the other hand, DSL is facing compression of growth space. Under the trend of copper retirement in various countries, the number of Cable modem users shows a gradual decline in the coming years. However, existing operators continue to promote user service upgrades, mainly in North America. According to the IHS market report, the annual output value of Cable CPE is about 3.23 billion US dollars, with an annual shipment volume of 44 million units and an annual

growth rate of 2% to 3%. The growth of the market comes from the continuous launch of various value-added services by MSO operators and telecommunications companies in the Cable CPE market, which continues to drive the demand for high-speed internet access, thereby driving the sustained and stable growth of Cable CPE output value.

However, with the merger of the two largest suppliers in North America in 2023 and only serving the needs of a few large customers, the market is becoming saturated. At the same time, this also means that customers will open up more market share to large Taiwanese manufacturers to avoid market monopolies. In the context of sector restructuring, the selection of small and medium-sized MSOs has decreased, which is in line with our company's policy of providing customized services to meet its traditional customized on-site needs.

According to a recent report from Dell'Oro Group, wireless area network revenue is expected to grow by 11% in 2025 after the contraction trend of wireless area networks finally ends in 2024. In 2025, Wi-Fi 7 The adoption rate of will significantly increase, and its revenue is expected to account for more than one-third of indoor wireless access point revenue. By 2028, the sales of Wi-Fi 7 APs will account for nearly three-quarters of the total AP sales.

The next few quarters will pose a huge challenge for WLAN suppliers. The demand driven conditions are expected to exert downward pressure on unit prices. In such a market environment, only a few suppliers can achieve growth in WLAN revenue. In 2024, with the launch of Wi-Fi 7 functionality in smartphones by major manufacturers such as Apple and Samsung, the demand for Wi-Fi 7 standard wireless routers and wireless mesh extenders will increase, leading to double-digit growth in the WLAN market. Considering the significant increase in the cost of new generation products, solutions from Taiwanese manufacturers such as MediaTek and Realty have the opportunity to enter large European and American operators, becoming the second largest supplier. However, it is also necessary to pay attention to whether the overall quality of Taiwanese manufacturers' products can meet the special needs of new customers and catch up with the professional experience that American companies have long cultivated.

3. Competitive advantages

Based on customer needs, the company's marketing strategy is to conduct rapid product design and development, then manage the supply chain to effectively control costs. Therefore, it can gradually grow in the highly competitive communication and broadband telecommunications market and maintain a certain and increasing market share. The competitive advantages can be roughly divided into the following points:

(1) Professional talents to create high productivity

The company continuously recruits talents with rich experience in the field of network communication and strengthens R&D capabilities. Therefore, the company has become one of the Early Access Partners of international chip manufacturers and participated in the chip development process. Through this process of participation, the company can obtain the latest information on future products ahead of the competitors, invest in product development in advance, and seize the opportunity to launch new products.

(2) Continuous reduction of costs and increasing of profit margins

The company continuously improves production automation technology to reduce labor requirements and production costs, and seeks new alternative components to increase unit profitability.

(3) Strengthening the vertical integration of production, sales, and research

Through the integration of production, sales, and R&D, it can respond to customer needs in real-time, and improve quality and production efficiency, thereby shortening the delay of shipments and significantly increasing customer satisfaction.

4. The favorable and unfavorable factors of development prospect, and countermeasures

(1) Favorable factors:

(a) Various certification in different countries

The company's broadband cable modem products have successively passed the CableLabs DOCSIS 3.0/3.1 certification, which is helpful for market development and continuous maintenance of the leading edge of technology.

(b) Smooth marketing channels

The company provides various technical support on the product side and provides customers and distributors with the most convenient and complete services. In the future, it plans to set up regional offices to spread its marketing network and support and consultation centers all over the place.

(c) Mastery of key technologies

The company focuses on the development and resource investment of Cable Modem products, has accumulated many years of product design, research and development, integration, and manufacturing experience, and can effectively grasp the market pulse and technology trends. Excellent innovative design capabilities can provide products that meet customer needs promptly and bring higher added value to customers.

(d) A good cooperative relationship with upstream chip manufacturers

The company has established long-term strategic partnerships with upstream chip manufacturers it currently cooperates with. The upstream chip manufacturer

provides not only a competitive chip price but also high-quality technical support services, making the company's products competitive in the long term and can compete with tier 1 brand manufacturers.

(e) Professional and stable management team

The operation and management team of the company are all senior professionals in the industry with years of accumulated technology and experience. They can effectively capture the pulse of product-related technology and industrial development, so they can respond to market changes at any time and maintain good competitiveness.

(f) Supplier restructuring releases more business opportunities

With the merger of the two biggest companies in the industry in 2023, suppliers underwent restructuring, releasing more business opportunities. With years of industry experience, the company actively strives for business opportunities to regulate supplier changes.

(2) Unfavorable factors and countermeasures

(a) Multiple factors have caused the European and American operator markets to be impacted by the economic downturn, with overall demand remaining stable from its peak in the first half of 2022 to the first half of 2023, and then experiencing a significant decline thereafter.

Countermeasures:

- ① Maintaining a good long-term relationship with suppliers and closely tracking the situation of customer inventory state. Striving to enhance sales after the demand recovery.
- ② Adopting various and diverse product designs to avoid excessive reliance on a single product, while actively developing new customers and application areas.
- ③ Continuously monitor the investment of global telecommunications operators and handle accounts and inventory management with caution to effectively reduce operational risks.
- ④ Actively expanding business in high growth markets such as the Middle East, and the East Asia Pacific.

(b) Inflationary raw materials, rising costs of supply chain restructuring, and rising labor costs.

Countermeasures:

- ① For specific high-risk materials, carefully preparation of materials for safety stock to respond future certainty.
- ② Deepening of automation and replacing labor with machines to reduce labor cost.

- ③ Expanding the market size and accumulating more bargaining chips to alleviate the impact of rising raw materials and costs.
- ④ Introducing more alternative materials and suppliers to spread risks of the supply chain.
- (c) Local production laws and patent wars. The protectionism and subsidy requirements from various countries that require a certain rate of local production. When there are obstacles for both China and the United States to enter the market, they usually use SEP patents to interfere with commercial activities. Risks such as geopolitical interference with taxation.

Countermeasures:

- ① Conduct professional evaluations to obtain reasonable patent licensing costs and reduce legal risks.
- ② Adhere to group compliance, improve production compliance, and reduce legal risks.
- ③ Use compliant external ODM products for sales to reduce the risk of production site restrictions.
- ④ Reduce the risk of unable to ship the entire machine by producing independent module products.
- (d) Corporate social responsibility increases operating costs.

Countermeasures:

- ① Collaborate with the group to obtain CSR certification and release ESG reports to demonstrate corporate social responsibility.
- ② Promote corporate social responsibility, care for employee well-being, and achieve long-term sustainable operation.
- (e) The attractiveness of the internet communication industry is not as strong as that of the information industry, making it difficult to attract the talent needed for AI transformation to develop and market new generation products.

Countermeasures:

- ① Recruiting diverse and international talents to enhance innovation.
- ② Pay attention to diverse resources, and explore and cultivate more potential talents.
- ③ Undertake mergers and acquisitions and alliances to fill gaps in technology and channels, and achieve long-term development goals.
- (f) Intense market competition and low-end network products face competitive pressure.

Countermeasures:

- ① Actively transitioning into advanced, efficient, and high-value-added products.

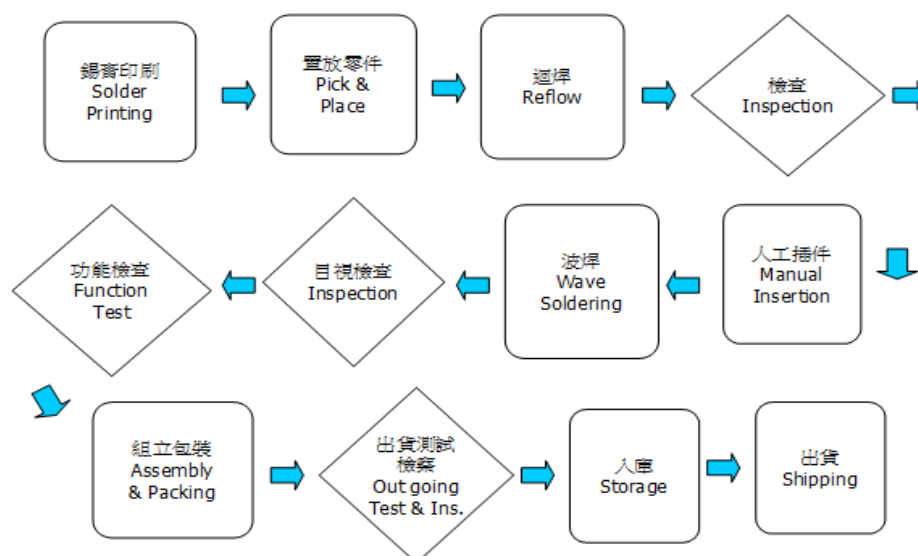
- ② Develop niche Netcom products with information security functions in Japan and the United States.
- ③ Expand cooperation with external ODM manufacturers, utilize the company's marketing channels and software advantages, and strengthen cooperation through outsourcing products to compensate for insufficient cost competition.

4.2.2. Important applications and production process of main products

1. Main product applications

| Product category | Usage | Note |
|--------------------------|--|---|
| Broadband Cable CPE | Processing modulation and demodulation, analog/digital conversion, and equipment with modems, radio tuners, decoders/encoders, bridges, routers, network interface cards, and SNMP and Ethernet connections. | Providing Internet-related application services using CATV bi-directional coaxial cable. |
| Wi-Fi Mesh Router System | Routers, extenders and remote device management software that support mesh wireless network functions to form a mesh wireless routing system. | Each base station can use the same SSID to directly connect and communicate, and automatically select the best path for packet transmission, without relying on physical network interconnection, greatly improving the deployment flexibility and connection quality of wireless networks, and can provide operators with more value-added services through remote device management software systems. |

2. Production Process



4.2.3. Supply of Primary Raw Materials

| Main Products | Main Supplier | Supply Status |
|-----------------------------|--|---|
| Main Chips | Broadcom | <p>The demand of network communication remain flat as 2023 , and end customer still need to digest the inventory . In addition, with the upgrade of wifi 7 and Docsis 4.0, still have to cover Broadcom official 52 weeks lead time to ensure supply stable . Also ,if the chips is focus on nich market , will be suffered allocation probably . Most of all , the supply would not be so critical as long as the order placed to cover 52 weeks .</p> <p>Due to fierce market competition , Broadcom responded on prices slightly downward in 2024.</p> |
| Niche DDR3 and Flash Memory | Samsung , Hynix, ESMT, Naya, MXIC, GD, Winbond | <p>Although Korean maker fades out of the market gradually of DDR3 , and shifts to DDR4 along with the products specification upgrades, so the DDDR3 prices fall sharply at the end of 2024 and lower than before covid-19 . Under weak demand , there is no supply issue .</p> <p>The prices of SLC nand fall slowly in 2024, and</p> |

| Main Products | Main Supplier | Supply Status |
|-------------------------|-------------------------------------|---|
| | | Taiwan manufactures supply stable . The major concern is what the best prices we can get from suppliers . |
| Active Component IC | MPS, Diodes, M3TEK, | Wafer production takes a certain lead time around 12 to 16 weeks , but it's more flexible to allocate once your order is rush . During the covid-19 , a large number of mature process FAB were set up , now , all of these FABs is started mass production . Means , the procurement has benefit on cost saving.. |
| R.C.L Passive component | Samsung, YAGEO, Murata, UNIOHM, PSA | Supply smoothly in 2024 for consumer products . But need to plan well for Japan brands or niche specification to avoid shortage cause of insufficient lead time. |
| Adaptor(Power Supply) | Moso, Atech OEM, Acbel, Sunny | The supply of standard products is stable and even can be squeezed lead time from 8~12 weeks to 4~6 weeks . It means the production utilization rate did not fulfill. The price could be negotiable but still need to know if any specific components inside and prepare well. |
| PCB substrate | Hannstar Board, Elec&Eltek | In 2024, the prices of copper foil slightly increased compared to 2023. The prices of PP/CCL/ remained flat. But the price of gold keep rise sharply. However, the RMB exchange rate against the US dollar was depreciated. In order to get more orders to fill production capacity, manufacturers are willing to adjust prices to customers. Choosing local supplier and shortening transportation time equals to cost saving . |
| Housing | PMG, ShangHua | There was no big fluctuations of ABS price in 2024, but the future price of ABS may be affected by inflation. |

4.2.4. Suppliers and Clients of Total Sales in Any of the Past Two Years

1. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ Thousnad

| Item | 2023 | | | | 2024 | | | |
|------|--------------|----------|--------------------------------------|--------------------------|--------------|---------|--------------------------------------|--------------------------|
| | Supplier | Amount | Percentage of Total Net Purchases(%) | Relationship with Issuer | Supplier | Amount | Percentage of Total Net Purchases(%) | Relationship with Issuer |
| 1 | Alltek | 391,363 | 57.31 | - | CCET | 333,156 | 40.75 | Fellow subsidiary |
| 2 | CCET | 273,955 | 40.12 | Fellow subsidiary | Alltek | 314,747 | 38.50 | - |
| 3 | Others | 17,578 | 2.57 | - | Arrow | 142,186 | 17.39 | - |
| 4 | - | - | - | - | Others | 27,412 | 3.36 | - |
| | Net Purchase | 682, 896 | 100.00 | - | Net Purchase | 817,501 | 100.00 | - |

Note1: Suppliers are given serial numbers because either CTI is contractually obligated and cannot disclose the name of our supplier or the other party is a person without any affiliation to CTI.

Note2: Listed companies or companies with shares traded at the TWSE shall disclose any recent(as of the printing date of this Annual Report) financial reports or information signed or audited by a certified public accountant.

Description of Movement:

1. CCET is a major OEM manufacturer for the Company's primary products. In 2024, due to increased demand from customers, the purchase amount rose accordingly.
2. Alltek is a key chip supplier for the Company. As the primary raw materials required by customers had already been stocked in previous periods, the purchasing volume from this supplier decreased in 2024.
3. Arrow became a major new supplier for the Company in 2024. To enhance the flexibility and stability of the supply chain, the Company procured raw materials from this supplier during the year.

2. Major Clients in the Last Two Calendar Years

Unit:NT\$ Thousnad

| Item | 2023 | | | | 2024 | | | |
|------|-----------|---------|-----------------------------------|--------------------------|-----------|---------|-----------------------------------|--------------------------|
| | Client | Amount | Percentage of Total Net Sales (%) | Relationship with Issuer | Client | Amount | Percentage of Total Net Sales (%) | Relationship with Issuer |
| 1 | I | 298,920 | 53.72 | None | N | 140,230 | 34.10 | None |
| 2 | J | 104,705 | 18.82 | None | H | 75,238 | 18.29 | None |
| 3 | C | 50,080 | 9.00 | None | J | 63,379 | 15.41 | None |
| | Others | 102,734 | 18.46 | - | Others | 132,433 | 32.20 | - |
| | Net Sales | 556,439 | 100.00 | - | Net Sales | 411,280 | 100.00 | - |

Note1: Clients are given serial numbers because either CTI is contractually obligated and cannot disclose the name of our client or the other party is a person without any affiliation to CTI.

Note2: Listed companies or companies with shares traded at the TWSE shall disclose any recent (as of the printing date of this Annual Report) Financial reports or information signed or audited by a certified public accountant.

Description of Movement: Mainly due to the transition between old and new models and changes in customer order demand.

4.3. The number of Employees during the Past Two Years and as to the Printing Date of the Annual Report:

| Year | | 2023 | 2024 | As of April 30 st , 2025 |
|---------------------------------------|----------------------|-------|-------|-------------------------------------|
| Number of Employees | Indirect Labor | 91 | 87 | 87 |
| | Direct Labor | 0 | 0 | 0 |
| | Total | 91 | 87 | 87 |
| Average Age | | 45.45 | 45.53 | 46.46 |
| Average Seniority | | 8.80 | 9.38 | 10.12 |
| Distribution of Education Backgrounds | PhD | 0 | 1 | 0 |
| | Masters | 22 | 23 | 24 |
| | Bachelors/Associates | 64 | 59 | 59 |
| | High School | 4 | 4 | 4 |
| | Below High School | 0 | 0 | 0 |

4.4. Information on Environmental Protection Expenditure

1. The main production of the company has been outsourced to the overseas professional processing factories of the group, and the main function of our Taiwan base is the operation headquarter, which generally does not generate environmental pollution. For the most recent year and up to the date of publication of the annual report, there were no significant expenses incurred for environmental issues
2. The company's sales business runs all over the world, and the products produced meet the requirements of environmental protection:
 - (1) Our company's export products have complied with the latest EU RoHS and WEEE regulations.
 - (2) Our company complies with the EU WEEE regulations and declares on time.
 - (3) Our company adopts the supplier self-declaration method, so it also complies with the requirements of the RoHS environmental protection directive.
3. In the most recent year and up to the date of publication of the annual report, the losses suffered due to environmental pollution (including compensation and violation of environmental protection laws and regulations as a result of environmental protection audits, the date of punishment, the name of the punishment, the provisions of the violation, the content of the violation, and the content of the punishment should be listed), And disclose the estimated amount and countermeasures that may occur at present and in the future. If it cannot be reasonably estimated, it should explain the fact that it cannot be reasonably estimated: None.

4.5. Relations between Labors and Employers

The company implements and monitors various employee welfare measures, further education, training, and retirement systems. We also sign labor agreements and have various measures to protect employee rights and interests.

4.5.1. Welfare measures and implementation status

1. Employee dividends
2. Bonus: Festival bonus, year-end bonus, operating performance bonus, project bonus, etc.
3. Gifts: gifts for three festivals, Labor Holiday gift (Cash), birthday gift (Cash), holiday gift
4. Insurance: Labor insurance, health insurance, pension provision, group insurance, medical subsidies for employees and dependents
5. Leisure: annual foreign and domestic tourism, departmental dinner, family day, Year-end party.
6. Activities: multi-society activities, festival celebrations, competitions
7. Subsidies: congratulatory gifts, employee/child education grants, disaster relief grants, condolences for injuries and illnesses
8. Facilities: gym, staff lounge, feeding/milk collection room
9. Others: maternity allowance, car parking allowance, annual employee health check, ground coffee and tea bag supply
10. Training development/complete education and training: new employee training, general training, professional training, seminars, lectures, etc.
11. Talent development: We invest in long-term cultivation of talents and provide a place to learn and work happily with peace of mind, plus a smooth promotion channel so that all employees can grow and develop.

4.5.2. Employee education, training, and implementation status

Talent is the first step of the strategy, and education and training is the most important work for accumulating excellent human capital. Before enterprises provide education and training, it is even more necessary to analyze the needs of education and training to clarify the needs of the organization, the needs of the work itself and individual workers, and to invest resources in the right place.

In order to enable employees' personal career planning and work performance to continue to grow and develop, CastleNet provides and maximizes the synergy of employees through systematic education and training.

| 2024 | Internal Training hours | External Training hours | E-Learning Training hours | Total hours | Total number of people | Education and Training Costs (NT\$1,000) |
|--------|-------------------------|-------------------------|---------------------------|-------------|------------------------|--|
| Q1 | 119.5 | 96 | 101.5 | 317 | 55 | 66 |
| Q2 | 121 | 4.5 | 641.5 | 767 | 46 | |
| Q3 | 105.5 | 0 | 299 | 404.5 | 40 | |
| Q4 | 89.5 | 30 | 545.5 | 665 | 70 | |
| Annual | 435.5 | 130.5 | 1587.5 | 2153.5 | 214 | 66 |

2024 Education and Training Plan Categories

The training plan for 2024 covers areas including auditing, finance, human resources, labor safety, marketing, R&D, procurement, and quality. The group's digital online courses include core competencies, management skills, tool skills, quality courses, legal and intellectual property, trend lectures, green lectures, sustainability management, occupational safety, information security, languages, and other diversified courses.

Review of Actual Execution Results:

1. Annual Goal Achievement Rate and Course Execution Achievement Rate:

Internal training was organized based on the needs of each department, and employees were sent to external training according to project development needs of each unit. This year's execution rate increased by 14% compared to last year. In addition, the group's online digital courses are rich and diverse. Employees made full use of fragmented time to learn, resulting in each employee's training hours exceeding the original set target.

2. In the future, we will continue to plan educational and training courses that align with strategic development directions and employees' career development paths.

2025 Education and Training Plan Recommendations:

1. Based on the company's future development direction, the needs of each unit, and employees' skill gaps, educational and training programs will be launched. Departments will pass on experience and skills through internal training, or after participating in external training, employees will share and teach others internally, or invite external lecturers to the company to share and teach, expanding development in various technical areas, and encouraging employees to continue learning.
2. Leverage group resources to jointly plan high-similarity training courses, allowing colleagues from different business units to exchange ideas, aiming to achieve mutual learning through teaching.

4.5.3. Retirement System and Implementation Status.

1. In accordance with the law, since July 1, 2005, the Company made monthly contributions of 6% of monthly wages to the individual pension accounts of the Labor Insurance Bureau for new employees and existing employees who have chosen to apply the new pension regulations; At the same time, the Company continues to contribute the appropriate amount of retirement reserve to the Bank of Taiwan in accordance with the pension benefit standard of the old pension plan for the former employees who have chosen the old pension plan and the former employees who have chosen the new pension plan.
2. For colleagues who are assigned by the organization and transferred to related companies, their seniority will be renewed to provide them with more protection so as to achieve the purpose of group talent circulation.
3. When an employee retires, the service unit will hold a warm retirement farewell party, inviting colleagues and supervisors to gather together to give unlimited retirement blessings.

4.5.4. Labor-capital agreement and the protection of employees' rights and interests.

The company's operating goals can only be achieved by the joint efforts of both labor and management. The company has always dealt with the problems of labor and management based on the business philosophy of coexistence and common prosperity of labor and management, and attaches great importance to the opinions of employees. Employees are allowed to fully express their problems in life and work at any time through formal or informal communication channels of the company. Regular labor-management meetings are held to maintain the smooth communication channels between labor and management.

4.5.5. Loss suffered from labor disputes in the latest year and up to the printing date of this Annual Report: None.

4.6. Information security management

4.6.1. Organizational Structure

In order to strengthen the information security management of the company, the Sustainable Development Committee is responsible for organizing a cross-departmental professional team to set up an "Information Security Team", which is responsible for the planning and implementation of the information security system, formulation of regulations, regular reviews and internal control audits, and at least once a year, and reports to the board of directors at least once a year.

4.6.2. Information security management policy

In order to ensure the confidentiality, integrity and availability of information, the reliability of information equipment and network systems, and colleagues' awareness of information security, and ensure that the above resources are protected from any interference, destruction, intrusion, or any adverse effect, behaviours and attempts. the company formulated the information security management policy that covers the following:

1. Information Security Policy
2. Information Security Organizations
3. Personnel safety management and education and training
4. Information Asset Management
5. System Access Control
6. Cryptography
7. Physical and Environmental Security
8. Operational Safety
9. Network Security
10. Application system development and maintenance security
11. Response and handling of information security incidents
12. Outsourced operation management
13. Business continuity management
14. Datacom safety compliance audit

4.6.3. Concrete management plans

1. Centralization of firewall messages and visualization of threats.
2. Plan core information system architecture improvement solutions.
3. Prevention of email Advanced Persistent Threat (APT).
4. Regular employee information security promotion and training.

5. Email social engineering drill.
6. The company's official website has switched to HTTPS encrypted connections and implemented a Web Application Firewall (WAF) system to enhance security protection.
7. Collaborate with “Taiwan Computer Emergency Response Team/Coordination Center” (TWCERT/CC) for cybersecurity intelligence sharing and joint defense.

4.6.4. Implementation results of information security

1. The company attaches great importance to information security. In addition to improving the reliability of information equipment and network systems, it also provides education and training to new employees. The information department also conducts security awareness campaigns and prevention of malicious email social engineering campaigns from time to time on weekdays, and implements in the promotion of employee information security education and training. The "Information Security Team" is responsible for tracking and strengthening the information security operations of various departments, and reminding all employees to pay attention to the awareness of information security and business secret protection. The implementation status is as follows:
 - (1) Conduct phishing email social engineering drills. We continuously strengthen employees' cybersecurity awareness, and the pass rate for phishing email social engineering drills has increased from 95.34% last year to 98.43%. This fully reflects the employees' heightened vigilance and improved response capabilities in handling phishing attacks and other threats.
 - (2) Advanced Persistent Threat (APT) email protection successfully blocked 14,011 malicious file emails and 214,630 malicious URL emails.
 - (3) Vulnerabilities of important host computers were scanned, irregular scanning of major threats and vulnerabilities were implemented, and timely repair and reinforcement protection measures were taken.
 - (4) All new employees have completed cybersecurity and information confidentiality training. To enhance overall cybersecurity awareness, the group has conducted various initiatives, including 18 EDM distributions and cybersecurity video promotions, 24 cybersecurity

training courses, 30 award-winning cybersecurity innovation submissions, and feedback from 550 employees through cybersecurity questionnaires.

- (5) A firewall event and record analysis platform was adopted, to summarize information and centrally analyze messages across devices, improve the timeliness of real-time reporting of events, and lower the information security risks.
2. In order to make the company's information system operate normally, in addition to establishing an off-site data backup mechanism and storing the backup media in off-site locations, the company also strengthens simulation tests and emergency response drills in the computer room to reduce system interruptions that may be caused by natural disasters without warning and human negligence. risk. In addition, for hardware and software equipment, the company carries out risk assessment, improvement assessment or effectiveness improvement assessment according to the actual use situation and needs to ensure that the overall information system maintains the normal operation of the company.
3. Information security management policy was formulated in 2021.
4. The "Information Security Team" of the Sustainable Development Committee was established in 2022 and reports to the Board of Directors on the operation at least once a year.
5. In response to the COVID-19 epidemic from 2021 to 2022, when adopting the work-from-home mechanism, a high-security SSL-VPN connection and connection confirmation mechanism was used to strengthen information system services and network connection security management for employees to work remotely.
6. Joined the "Taiwan Computer Emergency Response Team / Coordination Center" (TWCERT/CC) in 2023-2024 and collaborated on cybersecurity intelligence sharing and joint defense.
7. In 2024, enhanced the security of the official website by adopting secure encrypted connections and implementing a Web Application Firewall (WAF) system for protection. Additionally, strengthened SSL-VPN connections by enforcing country-based access restrictions and Multi-Factor Authentication (MFA), while monitoring abnormal IP addresses daily and continuously expanding the blacklist

4.6.5. List the losses, possible impacts and countermeasures of major information security incidents in the most recent year and up to the date of publication of the annual report. If it is impossible to estimate reasonably, the facts that cannot be reasonably estimated shall be stated:

In 2024, no major cybersecurity incidents occurred that impacted the company's operations.

4.7. Major Contracts

| Type | Counterparty | Contract Period | Primary Content | Restrictions |
|-----------------|------------------------------|-----------------------|--|--------------|
| Property Rental | LianCheng International Inc. | 2025.01.01~2027.12.31 | The office area of leasing office building | None |

V. Review of Financial Conditions, Financial Performance, and Risk Management

5.1. Analysis of Financial Status

Unit: NT\$ thousands

| Item | 2024/12/31 | | 2023/12/31 | | Compared with the end of last year | |
|---|--------------------|------------|--------------------|------------|------------------------------------|-------------|
| | Amounts | % | Amounts | % | Amounts | % |
| Assets | | | | | | |
| Current assets | \$1,524,166 | 51 | \$1,219,194 | 43 | \$304,972 | 25 |
| Current financial assets at fair value through profit or loss | 1,388,084 | 47 | 1,550,470 | 55 | (162,386) | (10) |
| Property, plant and equipment | 12,704 | 0 | 16,189 | 1 | (3,485) | (22) |
| Right-of-use assets | 2,095 | 0 | 9,460 | 0 | (7,365) | (78) |
| Other non-current assets | 44,366 | 2 | 35,090 | 1 | 9,276 | 26 |
| Total assets | \$2,971,415 | 100 | \$2,830,403 | 100 | \$141,012 | 5 |
| Liabilities and equity | | | | | | |
| Current liabilities | 1,357,218 | 46 | 891,285 | 31 | 465,933 | 52 |
| Total non-current liabilities | 30,500 | 1 | 26,396 | 1 | 4,104 | 16 |
| Total liabilities | 1,387,718 | 47 | 917,681 | 32 | 470,037 | 51 |
| Share capital | 1,933,565 | 65 | 1,916,350 | 68 | 17,215 | 1 |
| Capital surplus | 150,298 | 4 | 145,763 | 5 | 4,535 | 3 |
| Retained earnings | (457,971) | (15) | (105,011) | (3) | (352,960) | (336) |
| Other equity interest | (42,195) | (1) | (44,380) | (2) | 2,185 | 5 |
| Total equity | 1,583,697 | 53 | 1,912,722 | 68 | (329,025) | (17) |
| Total liabilities and equity | \$2,971,415 | 100 | \$2,830,403 | 100 | \$141,012 | 5 |

Changes in major items:

- 1.The Company incurred a loss in 2024, resulting in a decrease in retained earnings.
- 2.The Company's short-term borrowings increased compared to 2023, leading to a rise in current liabilities.
- 3.Right-of-use assets decreased due to depreciation and amortization.

5.2. Analysis of Financial Performance

5.2.1. Analysis of Financial Performance last 2 years

Unit:NT\$ thousands

| Item | 2024 | | 2023 | | Compared with last year | |
|------------------------------------|------------------|-------------|------------------|-------------|-------------------------|----------------|
| | Amounts | % | Amounts | % | Amounts | % |
| Operating revenue | \$411,280 | 100 | \$556,439 | 100 | \$(145,159) | (26) |
| Operating costs | (575,540) | (140) | (445,385) | (80) | (130,155) | 29 |
| Gross profit from operations | (164,260) | (40) | 111,054 | 20 | (275,314) | (248) |
| Operating expenses | (218,386) | (53) | (211,873) | (38) | (6,513) | 3 |
| Net operating income (loss) | (382,646) | (93) | (100,819) | (18) | (281,827) | (280) |
| Non-operating income and expenses | 27,587 | 7 | 107,544 | 19 | (79,957) | (74) |
| Profit (loss) before tax | (355,059) | (86) | 6,725 | 1 | (361,784) | (5,380) |
| Tax expense (income) | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit (loss) | (355,059) | (86) | \$6,725 | 1 | (361,784) | (5,380) |

Changes in major items:

1. The decline in revenue was mainly due to the transition between old and new product models and changes in customer order demand.
2. The decrease in non-operating income was primarily attributed to a reduction in unrealized gains on financial assets measured at fair value through profit or loss.
3. The pre-tax net loss of NT\$355 million was mainly due to an increase in inventory write-downs of NT\$139 million compared to the previous year, along with a lower operating revenue scale compared to the same period last year.

5.2.2. Forecast sales for the next year, forecast basis, and reasons for continuous growth or decline:

1. Forecast sales for the next year and forecast basis.

| Product | Forecast Sales(Unit/k) | Forecast Basis |
|----------------------|------------------------|--|
| Consumer Electronics | 371 | The estimate is calculated based on previous year's sales and market demand in 2025. |

2. Potential impact: The requirement for working capital has increased.

3. Response Plan:

In addition to the existing capital support, if there is a requirement for additional funds, we will expand the bank's credit line in a timely manner or raise capital through capital increase and other financial instruments to meet future operational growth requirements.

5.3. Analysis of Cash Flow

5.3.1. Analysis of cash flow change in the Last Two years

| Item \ Year | 2023 | 2024 | Variance (%) |
|--|-------|------|--------------|
| Cash flow ratio (%) | 0.00 | 0.00 | 0.00 |
| Cash flow adequacy ratio (%) | 38.69 | 9.19 | -76.25 |
| Cash flow reinvestmentratio(%) | 0.00 | 0.00 | 0.00 |
| Analysis of cash flow change of the year: As for cash flows from operating activities, due to the decrease in operating revenue and continual purchasing due to NCNR policy adopted by the main chip manufacturer, besides, due to the non-cancellable and non-returnable order shipment policy, the selling speed was not matched, the cash flow adequacy ratio decreased compared with that in the same period last year. | | | |

5.3.2. Improvement plan for Liquidity shortfall: None.

5.3.3. Cash flow projection for nex year

Unit:NT\$ thousand

| Cash and Cash Equivalents, Beginning of Year (1) | Net Cash From Operating Activities over the Year (2) | Net Cash Used over the Year (3) | Anticipated Cash Surplus (Deficit) (1)+(2)-(3) | Remed for Liquidity Shortfall | |
|--|--|---------------------------------|--|-------------------------------|-----------------|
| | | | | Investment Plans | Financing Plans |
| 324,734 | 66,000 | 33,000 | 357,734 | - | - |

5.4. Major Capital Expenditure Items and Impact on Finance and Business in the Recent Year

5.4.1. Major Capital Expenditure: None.

5.4.2. Impact of Major Capital Expenditure: Not Applicable.

5.5. Reinvestment policy in the most recent year, main reasons for profit or loss, improvement plan and investment plan for the coming year

Please refer to the basic information of each affiliated company on page 142 of this annual report for the companies to which the Company has transferred investments in recent years and their major business items. It is expected that there will be no new investment plan in the next year.

5.6. Risk Management and Analysis

5.6.1. Organization and Policies of Risk Management:

1. On November 11, 2024, the Company's Audit Committee and Board of Directors approved amendments to the Sustainability Committee Charter and the Risk Management Procedures. The amendments designated the Project Management Office as the dedicated unit responsible for driving and executing the Company's sustainability development and risk management initiatives, with the Audit Committee serving as the supervisory body and the Board of Directors as the highest governance and decision-making authority.

In addition, a "Risk Management Team" was established, comprising senior executives from each department. This team is responsible for identifying, analyzing, assessing, and responding to risks within their respective units to ensure the effective implementation of risk management and related control procedures. The team also collaborates with the dedicated unit of the Sustainability Committee to support the execution of relevant tasks and to submit necessary information for consolidation, evaluation, reporting, and timely adjustments.

The dedicated unit is responsible for formulating and establishing risk management mechanisms, reviewing and assessing identified risk issues, corresponding response measures, and their implementation across business units. From an enterprise-wide perspective, the unit evaluates the impact of various risks, promotes cross-departmental risk management interactions and communication, and reports to the Audit Committee at least once a year and to the Board of Directors at least once a year.

The sustainable development committee of the company selects members according to the functions and professional fields of each department to set up a "risk management team", which is responsible for the identification of various risk factors, so as to identify the relevant risks that may affect the sustainable development of the enterprise, and select the risk management category. Based on this, management policies are formulated and implemented and reported to the board of directors at least once a year.

2. The company has formulated "Risk Management Measures" to establish a risk warning system for risks that may endanger the company's operations, production and shipments, raw material supply, employee and asset safety, information

security, etc., and to minimize the possible impact of risk occurrence through the implementation of risk control in the internal control system.

5.6.2. Risk Associated with Interest rate and Exchange rate fluctuation, and Geopolitical conflicts continue to escalate, supply chain restructuring, the end of the fixed-line subsidy cycle, and a strong US dollar.

1. Interest Rate: In addition to keeping close contact with financial institutions to keep abreast of current interest rate changes, the company will also refer to domestic and foreign economic trend research reports and observe fluctuations in domestic and foreign benchmark market interest rates to adjust the funding operation in a timely manner.
2. Exchange Rate: The company's products are mainly exported. In order to reduce the impact of exchange rate changes on revenue and profit, the specific measures taken are as follows:
 - (1) When the business unit makes quotations to customers, it should consider the possible impact of exchange rate changes, and adopt a relatively stable and conservative exchange rate as the basis for quotation to protect the company's reasonable profits.
 - (2) In addition to the natural hedging effect of foreign currency-denominated purchases and sales, the remaining foreign currency portion will be exchanged in a timely manner with reference to relevant exchange rate market information and future trends to reduce foreign currency risks.
 - (3) The company collects relevant information on exchange rate changes at any time, fully grasps the changes in the foreign exchange market, and adjusts the foreign currency asset-liability ratio in real time, so as to reduce the impact of exchange rate fluctuations.
 - (4) Any foreign exchange operations (pre-purchase of foreign exchange, pre-sale of foreign exchange, foreign exchange, etc.) are only to avoid the exchange risk in operation, and the company does not engage in any speculative transactions.
3. Inflation: The impact of inflation on the Company's operations in 2024 primarily stemmed from a significant depreciation of local currencies on the customer side and the broader effects of global inflation, which led to reduced order shipments. The Company adopted the following countermeasures:

- (1). Actively pursued new product development projects by introducing advanced technologies and adjusting the product mix. Efforts were made to reduce engagement in products with longer development cycles and to increase the shipment proportion of high value-added products, thereby maximizing cost efficiency.
- (2). Expanded operational scale to reduce operating costs while continuously improving production technology and quality in order to increase profit margins. Efforts were also made to enhance brand recognition and market share.
- (3). Additionally, the Company primarily adopts U.S. dollar-based pricing to hedge against losses caused by the depreciation of local currencies.

5.6.3. Risks Associated with High-Risk/High-Leveraged Investment; Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions

1. High-risk and High-leveraged Investments: None.
2. Financings provided to others: None.
3. Endorsements/guarantees: None.
4. Policies of Financial Derivative Transactions:

The company is engaged in the trading of derivative financial products. Except for the projects approved by the board of directors, the main purpose is to avoid risks. The trading products are mainly used to avoid the risks generated by the company's business operations. The currency held must be the same as the currency used for actual import and export of the company. The foreign currency demand of the transaction is in line with the foreign currency receivables and payables of the company as a whole, so as to reduce the overall foreign exchange risk of the company.

5.6.4. Future Research & Development Projects and Corresponding Budget: Please refer to Page 105 and Page 113.

5.6.5. Risk Associated with Changes in Government Policies and Regulatory Environment

In consideration of the carbon emission inventory of enterprises emphasized in recent years and the trend of extra payment of carbon fee in the international community, the company has already joined several related organization platforms and established a Sustainable Development Committee to benefit carbon emission inventory and establishment of reduction plan, and comply with customers' policies.

Furthermore, we require relevant suppliers to coordinate.

The company pays attention to the changes in important policies and laws at home and abroad that may affect its finance and business operation at any time, and assesses their impact. The changes in important policies and laws at home and abroad in recent years didn't have a material impact on the company's finance and business operation.

5.6.6. Risks Associated with Change in Technology and Security Industry

Technological Changes: The fixed-line network industry has become increasingly mature, while the rise of fiber optics and intensified competition in wireless broadband have reshaped customers' product portfolios. New Wi-Fi products are becoming more complex and costly, affecting customers' adoption schedules. Additionally, the WRC-23 decision on 6GHz has led to market fragmentation. In response, the Company has introduced a new fiber-optic product line. As the operating costs of wireless broadband remain less competitive than wired solutions, the Company collaborates with suppliers to achieve economies of scale in wireless broadband products. Meanwhile, the Company continues to optimize the structure of existing Wi-Fi products and awaits cost reductions for the next-generation Wi-Fi. For 6GHz development, the Company also partners with suppliers to enhance scalability in wireless broadband. To maintain competitiveness, the Company continuously strengthens its R&D team, expands the development and sales of diversified products, and closely monitors industry trends and market demands.

Information Security Risks: For details regarding the Company's specific information security management measures and their implementation status, please refer to pages 128-131.

5.6.7. Risks Associated with the Impact of Change in Corporate Image on Crisis Management

The company operates with a prudent attitude and has a good corporate image. If there is an incident that threatens the corporate image, it will be promptly handled by the management team.

5.6.8. Risks Associated with Mergers and Acquisition: None.

5.6.9. Risks Associated with Facility Expansion: None.

5.6.10. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

The telecom operators in Asia have already proceeded and switched the cable service to FTTH service. The demand for Cable Data Terminal demands no long exists, which has seriously affected CastleNet Technology's shipments of Cable Data

Terminal devices in the Asian region; as for the continual demand from the Central and South America, an effect of centralization of sales has been formed, which also brings certain risks. CastleNet Technology has prudently evaluated and established relevant response measures. Below are the risks faced in the centralization of sales and possible response measures:

1. Customer risk: Relying on a very few major customers may result in business fluctuation. A huge impact may be imposed on our revenue for losing such customers.
 - Response measures: The company has already developed new customers and new markets in a diversified way. It actively develops and participates in the bid projects of operators in other regions, especially Europe, to establish favorable customer relations and provide high-quality services, thus increasing customer stickiness. Also, the company joins hands with customers to establish business strategies in response to local market changes. At the same time, it actively strives for more competitive prices from original chip manufacturers, to acquire orders from different customers.
2. Product risk: The sales are centralized on a few products or services, and market changes may impose a material impact on the business.
 - Response measures: The company implements diversified product development and expands new product developments to optical fiber terminal products (GPON & XGS PON) and FWA (fixed Wireless Aggregator), to lower its reliance on single-cable data terminal products. The company pays close attention to market trends and adjusts product portfolios at any time.
3. Supply chain risk: If a problem occurs to any process of the supply chain (including raw materials, machines, equipment, etc.), production and delivery may be affected, and consequently customer requirements cannot be satisfied, which will affect the corporate operation.
 - Response measures: The company sets up a stable supply chain, establishes long-term partnership with reliable suppliers, and considers the use of backup suppliers, to cope with possible supply interruption. The company's supply chain risk response plans are as follows:
 - (1). Changes and uncertainties of external supply chain
 - Response measures: Market survey, supplier decentralization, and ecosystem alliance. The company continues to expand its supply chain in locations where contract manufacturers are based, in order to reduce the supply risk associated with the China-based supply chain.
 - (2). Order demand exceeding the plan

- Response measures: AI prediction and long-term contracts, limited supply, and optimized distribution. For mainstream mass production models, the company strategically stocks shared components with long lead times.

(3).Insufficient production capacity

- Response measures: Enlargement of factory production capacity, overtime, increase of short-term manpower, and decentralization of manufacturing sites.

(4).Imbalance between supply and demand due to external natural and man-made disasters

- Response measures: Reduction of product materials, selection of mainstream materials, and 2nd source alternative materials.

(5).Procurement and material expedition plan

- Response measures: Definite reporting process, mobilization of all staff members, frequent coordination, and material allocation in the spot market.

4.Geographical risk: The sales are concentrated in specific regions, and regional economic or political changes may have a negative impact on the business.

- Response measures: Adopt the measures mentioned above, develop new markets and new customers in a diversified way, and expand business to other regions or countries, to lower geographic risk. Learn about and comply with regulations and political environments in different regions.

5.Financial risk: Relying on a certain market or customer too much may result in a financial risk, including delay in payments or default.

- Response measures: Regularly evaluate customers' credit status, and establish reasonable financial reserves to cope with uncertainties.

5.6.11. Risks Associated with Sales of Significant Numbers of Shares by Directors or Major Shareholders with 10% Owership or More:None.

5.6.12. Risks Accociated with Change in Management:None.

5.6.13. Major ongoing lawsuits, non-lawsuit or administrative lawsuit caused by Company, Directors, Supervisors, or Major stockholders with holdings over 10%: None.

5.6.14. Other Major Risks: Please refer to Pages 70-72 and Pages 128-131.

5.7. Other Matters of Materiality: None.

VI. Affiliates Information and Other Special Items

6.1. Affiliates Information

6.1.1. Consolidated Business Report of Affiliates Company:

Please refer MOPS website and click on “Single Company > Electronic Document Download > Affiliated Enterprises Disclosures Section > Consolidated Business Report of Affiliated Enterprises”

(https://mopsov.twse.com.tw/mops/web/t57sb01_q10). (Securities Code: 8059)

6.1.2. Consolidate Financial Statements: The Company has issued a Statement of Affiliated Enterprises Consolidated Financial Report on the cover page of the consolidated financial statements in accordance with regulations; therefore, an additional affiliated enterprises consolidated financial report is not required.

6.1.3. Affiliated Companies Report:

Please refer MOPS website and click on “Single Company > Electronic Document Download > Affiliated Enterprises Disclosures Section > English Version – Report on Affiliations”

(https://mopsov.twse.com.tw/mops/web/t57sb01_q10). (Securities Code: 8059)

6.2. Private Placement of Securities in the Most Recent Year: None.

6.3. Other necessary matters to be supplemented and explained: None.

VII. If any event, which has a material impact on shareholders’ rights and interests or securities prices as prescribed in Article 36-3-2 of the Securities and Exchange Act, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such matters shall be listed in clarity: None.

CastleNet Technology Inc.

Chairman: Chang, Ying