

Stock Code: 5258



CASTLES TECHNOLOGY Co., Ltd.

2024 Regular Shareholders' Meeting

Meeting Handbook

Meeting Time: June 18, 2024

Meeting Place: 2F., No. 213, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City
(Taipei Innovation City Convention Center)

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Castles Technology Co., Ltd.

2024 Annual Shareholders' Meeting Procedure

- I. Call the Meeting to Order
- II. Chair's Address
- III. Report Items
- IV. Proposed Resolutions
- V. Discussion Items
- VI. Election Items
- VII. Other Proposals
- VIII. Extraordinary Motions
- IX. Meeting Adjourned

Castles Technology Co., Ltd.

2024 Annual Shareholders' Meeting Agenda

Time: 10:00 a.m. on Tuesday, June 18, 2024

Place: 2F., No. 213, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City
(Taipei Innovation City Convention Center)

Method: Physical meeting

- I. Call the meeting to order (report the number of shares present)
- II. Chair's Address
- III. Report Items
 - (I) 2023 Business Report
 - (II) 2023 Audit Committee's Audit Report
 - (III) 2023 Employees' and Directors' Remuneration Report
 - (IV) Proposal for Amendments to Partial Articles of "Rules of Procedure for Board of Directors' Meetings"
- IV. Proposed Resolutions
 - (I) 2023 Business Report and Financial Statements
 - (II) 2023 Earnings Distribution
- V. Discussion Items
 - (I) Proposal for new shares issued through capitalization of earnings
- VI. Election Items
 - Re-election of Directors
- VII. Other Proposals
 - Proposal for lifting the non-compete restriction on new directors and their representatives of the Company.
- VIII. Extraordinary Motions
- IX. Meeting Adjourned

Report Items

I. 2023 Business Report

Explanation: Please refer to Attachment I on pages 10 to 12 of this handbook for the 2023 Business Report.

II. 2023 Audit Committee's Audit Report

Explanation: Please refer to Attachment II on page 13 of this handbook for the 2023 Audit Committee's Audit Report.

III. 2023 Employees' and Directors' Remuneration Report

Explanation: Please refer to Attachment III on page 14 of this handbook for 2023 Employees' and Directors' Remuneration.

IV. Proposal for Amendments to Partial Articles of "Rules of Procedure for Board of Directors' Meetings"

Explanation: Based on Order Jin-Guan-Zheng-Fa-Zi No. 1120383996 issued by the Financial Supervisory Commission on January 11, 2024, it is proposed to amend the relevant regulations of the "Rules of Procedure for Board of Directors' Meetings." Please refer to Attachment IV on page 15-17 of this handbook for the Comparison Table of the Rules Before and After Amendments.

Ratification Items

Proposal 1 (Proposed by the board of directors)

Summary: Proposal for adoption of the 2023 business report and financial statements, please ratify.

Explanation: I. The Company's 2023 Parent-only financial statements and consolidated financial statements prepared by the board of directors have been audited by independent auditors Jenny Yeh and Bill Yu of PwC Taiwan. The financial statements have been submitted together with the business report to the Audit Committee for review, who have determined it to be correct and accurate, and a Review Report has been issued.

II. Please refer to Attachment I on pages 10 to 12 of this handbook for the 2023 business report and Attachment V on pages 18 to 41 of this handbook for the Independent Auditors' Report and the above-mentioned financial statements.

Resolution:

Proposal 2 (Proposed by the board of directors)

Summary: Proposal for adoption of the 2023 earnings distribution, please ratify.

Explanation: I. On March 12, 2024, the board of directors resolved the proposal for the 2023 earnings distribution to distribute cash dividend of NT\$1.2 per share and stock dividend of NT\$0.5 per share. After this shareholders' cash dividend distribution proposal is approved by the general shareholders' meeting, the chairperson is authorized to set the ex-dividend date and the distribution date.

II. Please refer to page 42, Attachment VI of this handbook for the 2023 Earnings Distribution Table.

III. The cash dividend shall be distributed according to the shareholding

percentage in up to NT\$1 with amounts below NT\$1 rounded up; for those total fractional amounts of less than NT\$1, the amount below the decimal point shall be adjusted in the sequence of the amount and the shareholders' account number until the total distributed cash dividend amount is matched.

IV. If the total number of outstanding shares subsequently changes due to capital changes of the Company, thus affecting the distribution ratio and necessitating adjustments, it is proposed that the general shareholders' meeting authorize the chairperson to handle such matters with full discretion.

Resolution:

Discussion Items

Proposal 1 (Proposed by the board of directors)

Summary: Proposal for issuance of new shares for capital increase by re-capitalization of earnings, please discuss.

Explanation: I. In consideration of the development of future business and the needs for sufficient working capital, the Company proposes to distribute NT\$52,036,390 as shareholders' dividend, with an issuance of 5,203,639 new shares, out of the distributable earnings for 2023.

II. Upon approval of the competent authority, the board of directors is authorized to determine the record date for stock dividends. New shares to be issued in the capital increase out of surplus profit shall be distributed, with no consideration paid, to the shareholders as registered in the shareholders' roster on the record date at a rate of 50 shares per thousand shares. Shareholders with fractional shares may apply to the Company's stock affairs agency within 5 days from the book closure date for pairing. If shares remain fractional with or without being paired, upon expiration of the said period, cash payment will be made, proportional to the face value (after deducting expenses for TDCC book entry and dematerialized registration), rounded up to the nearest NT\$1 for amounts below NT\$1. The chairperson is authorized to look for specific persons to subscribe to the fractional shares based on face value.

III. Rights and obligations of the new shares issued in the capital increase are the same as the originally issued shares.

IV. If the number of total outstanding shares changes subsequently due to capital changes of the Company, such that the distribution ratio is affected and must be adjusted, the general shareholders' meeting is requested to authorize the board of directors to make such

adjustments to the capital increase plan.

V. The board of directors is authorized to make any necessary amendments to the capital increase plan due to the needs of actual practices or according to the instructions of the competent authority.

Resolution:

Election Items

Proposed by the Board of Directors

Proposal: Re-election of directors, please proceed with the election.

Explanation: I. The term of office for the Company's existing directors will conclude on August 23, 2024; therefore, re-election will be conducted at the shareholders' meeting in accordance with regulations.

II. In accordance with Articles 15 and 16 of the Company's Articles of Incorporation, seven directors (including three independent directors) shall be elected for a three-year term. The candidate nomination system is adopted. The candidate is eligible for re-election. Please refer to the Attachment VII on page __ of this Handbook for information on the candidates.

III. The term of office for new directors will begin on June 18, 2024, and end on June 17, 2027. The term of office for existing directors will conclude upon the end of the shareholders' meeting.

IV. The re-election shall be conducted in accordance with the Company's Procedures for Election of Directors.

Voting Results:

Other Proposals

Proposed by the Board of Directors

Proposal: Proposal for lifting the non-compete restriction on new directors and their representatives of the Company, please discuss.

Explanation: I. According to Article 209 of the Company Act states, “A director, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

II. In order to obtain assistance from new directors’ profession and relevant experience, it is proposed to the general shareholders’ meeting to lift the non-compete restriction on new directors and their representatives in accordance with the law.

III. Please refer to Attachment VIII on page __ of this Handbook for Details of Lifting the Non-compete Restriction on New Directors and Their Representatives proposed to the shareholders’ meeting.

Resolution:

Extraordinary Motions

Adjournment

Attachment I

Castles Technology Co., Ltd. Business Report

I. Operating policy

Overall, due to ongoing industry consolidation among competitors, market share dynamics have shifted. Rainbow Castle's market share is gradually increasing across various regions. According to the Nilson Report, a professional research outlet, Castles brand's shipment volume market share rankings have been steadily rising in the United States and Europe. Rainbow Castle's unmanned self-service products have been adopted by renowned clients domestically and internationally. Leveraging its global distribution channels and capabilities, coupled with the adoption of EDGE AI applications and the gradual phasing out of 2G/3G services by telecom operators in various regions, new sales opportunities and revenue growth drivers are expected. Our company's main operational policies are as follows:

(I) Deployment of global sales channels and drivers of growth:

In terms of revenue, the effectiveness of our global deployment is already evident, and we can anticipate even more significant revenue growth in the future with the transition to unmanned self-service applications and Android terminals. Established global sales channels and enhanced market share through mergers and acquisitions and strategic collaboration. The Company continued expanding bases of operation, dedicating itself to regional services and integrating hardware, software, and cloud services to become a global POS solution provider.

(II) Cloud and software services:

In addition to the design and sale of hardware, the Company has also been devoted to services like cloud services and software development in recent years, looking forward to increasing its proportion of operating revenue gradually year by year.

As the application of payment integration is becoming more and more important, the Company looks forward to becoming a solution provider for the development of payment hardware and software and integration services to assist our customers to complete solutions and carry out sales more rapidly, hoping to shorten the time from product development to actual revenue with these kinds of services.

II. Actual conditions

Benefiting from the post-pandemic surge in self-service opportunities, Rainbow Castle has achieved remarkable success in the electronic payment system brand market. We have strengthened our offerings to provide seamless, easy, and secure payment solutions marketed internationally. Our product applications span various sectors including finance, retail, hospitality, healthcare, transportation, self-service gas stations, charging stations, and unmanned vending, among others. In the fiscal year 2023, boosted by performance in Europe, overall revenue saw a slight increase. Particularly, our performance with clients in Spain and Italy in Europe, as well as sales volume and market share in other regions, has been commendable. Additionally, increased global market visibility and sales of new multifunctional Android payment terminals have been significant contributors to our revenue growth. Furthermore, leveraging our core strengths in research and development and software customization, we are committed to further deepening our channels, software development, and service offerings. We aim to increase the proportion of software service revenue, continually introduce cloud service products, and transition from a device provider to a solution provider. We are also optimizing our overseas service centers to ensure mutually beneficial partnerships with our clients.

III. Results of implementing the business plan:

The Company's operating revenue for 2023 was NT\$8,045,038 thousand, an increase of NT\$645,042 thousand compared with that for 2022 of NT\$7,399,996 thousand; net income after tax for 2023 was NT\$931,494 thousand, an increase of NT\$126,179 thousand compared with that for 2022 of NT\$805,315 thousand.

IV. Implementation of operating income and expenditure budgets

(I) Operating income

Operating revenue for 2023, including terminal devices for electronic finance, personal finance applications, electronic cash registers, and relevant equipment, amounted to NT\$8,045,038 thousand, an increase of NT\$645,042 thousand compared with that for 2022 of NT\$7,399,996.

(II) Gross profit

Gross profit for 2023 amounted to NT\$2,681,861 thousand, an increase of NT\$364,301 thousand compared with that for 2022 of NT\$2,317,560 thousand.

V. Profitability analysis

The analysis of 2023 operating performance and 2022 financial income and expenditure and profitability are reported as follows:

Unit: NTD thousand

Item	2023	2022	Increase (decrease)	Rate of increase (decrease)
Operating revenue	8,045,038	7,399,996	645,042	8.72%
Gross profit	2,681,861	2,317,560	364,301	15.72%
Operating profit	1,156,341	1,027,076	129,265	12.59%
Non-operating income and expenses	67,165	(6,954)	74,119	1065.85%
Net income after tax	931,494	805,315	126,179	15.67%
Earnings per share (NT\$; net of tax)	8.65	7.78		

VI. Status of R&D

(I) Industry development trends

1. Contactless payment applications: Due to the impact of the pandemic, applications of the cashless industry sped up. Whether the Company is able to provide integrated hardware and software services will be one of the keys for the business to grow, and as well as the core of future research and development. In addition, the opportunities for self-service applications over the world vary, so the key point is whether the business team can find the right local partners.
2. New retail applications and services: Under the influence of the pandemic, vendors tend to be more conservative when employing staff and investing in equipment. This

brings opportunities as vendors become more willing to adopt monthly rental service platforms to reduce investment in equipment that requires manpower expenditure.

3. Electric vehicle charging station applications: The market of supply equipment is estimated to grow in the future. Support for open payment platforms and embedded payment equipment will be one of the focuses required by the regulations of various countries. The Company is cooperating with relevant vendors in different areas.

(II) Software service platforms

The willingness of business software developers to invest in development on the Android platform and software porting has increased significantly, and the demand of retail and sales software for the effectiveness of hardware has increased as well. Therefore, industry demand tends to the development of products with higher effectiveness to fulfill the needs for various application.

(III) Hardware and software integration solutions

As Android smart terminal devices are becoming more and more mature, global acquirers are actively investing in the development of platform applications. The product line with complete Android payment terminal provides customers with cloud back-end services to perform integration, which can speed up customers' release schedules. Therefore, Android products will become the main force of the sales market and lead to diverse applications.

The Company will continue strengthening the promotion of the cloud product CASHUB. The core contents not only include the current CTMS, but also integrate CWARE (remote control and data collection), CKIT (transaction keys), CSTORE (Android app platform), CINVOICE (domestic electronic receipts, already verified), and CECR (vendor back-end management). It provides end users with more efficient management and value-added services while enhancing customer stickiness, and generates predictable, stable, and recurring revenue.

Responsible Person:
HSIN,HUA-HSI

Managerial Officer:
LIN, HUNG-CHUN

Accounting Officer:
TU MEI YU TU MEI YU

Attachment II

Audit Committee's Audit Report

The board of directors prepared the Company's 2023 business report, the parent-only financial statements, the consolidated financial statements, and the proposal for earnings distribution. Of these, the parent-only financial statements and the consolidated financial statements have been audited by independent auditors Jenny Yeh and Bill Yu of PwC Taiwan, who have issued an audit report.

The above business report, the parent-only financial statements, the consolidated financial statements, and the proposal for earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee. In accordance with the relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely,

2024 Shareholders' Meeting of Castles Technology Co., Ltd.

Castles Technology Co., Ltd.

Convener of the Audit Committee: Hsih-Sun Kung

March 12, 2024

Castles Technology Co., Ltd.

2023 Employees' and Directors' Remuneration

- I. In accordance with the provisions of Article 26 of the Articles of Incorporation, "if there is a distributable balance for the Company's annual profit before tax and employees', directors', and supervisors' remuneration after offsetting accumulated losses for the previous years, it shall be distributed as follows: I. Appropriate 3% to 15% as employees' remuneration. II. No more than 3% as directors' and supervisors' remuneration."
- II. Profit before tax of the Company for 2023 was NT\$1,093,476,654. It is proposed to appropriate NT\$82,749,585 as employees' remuneration, of which NT\$42,749,585 is to be distributed in the form of cash and NT\$40,000,000 is to be distributed in form of shares. Employee bonus stocks to be issued shall be calculated based on the closing price one day before the resolution of board of directors, NT\$126, with a total of 317,460 shares to be issued. Employees' remuneration of NT\$40, which is less than one share, is to be paid in cash. In addition, directors' remuneration of NT\$5,910,685 is to be distributed in the form of cash.
- III. There is no difference between the annual estimated expense recognized and the amount of the above distribution of employees' and directors' remuneration approved by board of directors.

Attachment IV

Castles Technology Co., Ltd.

Comparison Table of the “Rules of Procedure for board of directors’ Meetings” Before and After Revision

Article	Article before revision	Article after revision	Explanation for revision
Article 8	<p>When a board meeting is held, the management (or the department of administration of shareholder services) shall furnish the attending directors with relevant materials for ready reference.</p> <p>When holding a board meeting, the Company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as non-voting participants.</p> <p>When necessary, the Company may also invite certificated public accounts, attorneys, or other professionals to attend as non-voting participants and make explanatory statements. However, they shall leave the meeting when deliberation or voting takes place.</p> <p>The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.</p> <p>If one half of all the directors is not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such</p>	<p>When a board meeting is held, the management (or the department of administration of shareholder services) shall furnish the attending directors with relevant materials for ready reference.</p> <p>When holding a board meeting, the Company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as non-voting participants.</p> <p>When necessary, the Company may also invite certificated public accounts, attorneys, or other professionals to attend as non-voting participants and make explanatory statements. However, they shall leave the meeting when deliberation or voting takes place.</p> <p>The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.</p> <p>If one half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting <u>to a later time on the same day</u>, provided that no more than two such postponements may</p>	<p>1. To prevent disputes arising from an indefinite extension of board meetings, it is specified that if the number of attendees is insufficient, the chair may announce a postponement to a later time on the same day.</p> <p>2. Other items are adjusted in accordance with the amended provisions.</p>

Article	Article before revision	Article after revision	Explanation for revision
	<p>postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures of Article 3, paragraph 2.</p> <p>The term “all board directors” as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.</p>	<p>be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures of Article 3, Paragraph 2.</p> <p>The term “all board directors” as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.</p>	
Article 11	<p>The board meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.</p> <p>If at any time during the proceeding of the board meeting the directors present at the meeting do not represent more than half of all the directors, then upon resolution of the directors present at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.</p>	<p>The board meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.</p> <p>If at any time during the proceeding of the board meeting the directors present at the meeting do not represent more than half of all the directors, then upon resolution of the directors present at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.</p> <p><u>During a board of directors meeting, if the chair is unable to</u></p>	<ol style="list-style-type: none"> 1. Paragraphs 1 to 3 remain unchanged. 2. For practical reasons, in order to avoid affecting the operation of the Board of Directors, if the chair is unable to chair the meeting or declares the meeting closed during a board meeting, Paragraph 4 is added to specify that the provisions of Article 7, Paragraph 3 shall apply mutatis mutandis to the election or appointment of an acting chair. The vice chairperson

Article	Article before revision	Article after revision	Explanation for revision
		<p><u>chair the meeting for any reason or declares the meeting closed without adhering to the provision stipulated in Paragraph 2, the provision of Article 7, Paragraph 3, shall apply mutatis mutandis to the election and appointment of an acting chair.</u></p>	<p>shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select one person from among themselves to serve as chair.</p>

Attachment V

Independent Auditors' Report

(113) Cai-Shen-Bao-Zi No. 23004895

To Castles Technology Co., Ltd.:

Opinion

Castles Technology Co., Ltd. (the “Company”) which comprise the Parent-only Statement of Financial Positions as of December 31, 2023 and 2022, and the Parent-only Statement of Comprehensive Income, Parent-only Statement of Changes in Equity and Parent-only Statement of Cash Flows for the years then ended, and notes to the Parent-only Financial Statements, including a summary of significant accounting policies (collectively referred to as the “Consolidated Financial Statements”).

In our opinion, the accompanying Parent-only Financial Statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent-only Financial Statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the Parent-only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company’s 2023 Parent-only Financial Statements are as below:

Evaluations of the loss allowance for accounts receivable

Description of key audit matters

For the accounting policy of accounts receivable, please refer to Note 4(8) of the Parent-only Financial Statements; for the uncertainties of accounting estimates and assumptions for the assessed loss allowance of accounts receivable, please refer to Note 5(2) of the Parent-only Financial Statements Financial Statement; for the description of accounts for accounts receivable, please refer to Note 6(3) of the Parent-only Financial Statements Financial Statement.

The Company manages the payment collection and overdue accounts, while assuming the related credit risks. The management authority regularly evaluates the credit quality and payment status of customers, and adjusts the credit policy for customers in a timely manner. In addition, the assessment for the impairment of accounts receivable is based on the relevant provisions of the International Financial Reporting Standard 9 “Financial Instruments,” using a simplified method of assessment the expected credit loss; the management authority establishes the expected loss rate based on the overdue period of the customer in the history as of the Statement of Financial Position date, and various factors that may affect the customer’s solvency such as financial position and economic conditions, while incorporating the future forward-looking information.

Because the amount of accounts receivable of the Company is relatively large, and the assessment process of loss allowance involves the judgment of the management; therefore, we listed the assessment of loss allowance of accounts receivable as one of the most important matters in the audit.

Responding audit procedures

The responding audit procedures we adopted for the aforesaid key audit matters are as below:

Understand the Company’s customer credit status, credit quality and provision policy for loss allowance of accounts receivable.

Test the changes in the aging of accounts receivable, inspect the relevant supporting documents of the dates of accounts receivable, and confirm the classification of the aging period.

Obtain and review the relevant information provided by the management, and refer to the ratio of providing loss allowance by referring to the historical loss occurrence rate in the past years while considering future forward-looking information.

Recalculate the loss allowance that shall be provided based on the ratio of providing loss allowance.

Valuation of inventories

Description of key audit matters

For the accounting policy of inventory valuation, please refer to Note 4(11) of the Parent-only Financial Statements; for the uncertainties of accounting estimates and assumptions for the inventory valuation, please refer to Note 5(2) of the Parent-only Financial Statements; for the description of accounts for inventory, please refer to Note 6(4) of the Parent-only Financial Statements.

The major revenue of the Company is processing, manufacturing, and sales of point of sales (POS), and the inventory valuation is subject to the changes of inventory values due to technology changes, environmental changes, and sales conditions. The Company adopts the

judgements to estimate the net realizable value of inventory, to identify the net realizable value one by one, to compare with the costs for which one is lower, while supplementing the usable status of long-duration inventory individually, to provide the valuation loss.

Since the amount of inventory of the Company is relatively large, and the inventory valuation process involves the judgment of the management; therefore, we listed the valuation of the inventory is one of the most important matters in the audit.

Responding audit procedures

The responding audit procedures we implemented for the aforesaid key audit matters are as below:

1. Obtain the inventory valuation policy, evaluate its provision policy, and confirm the adoption of the inventory valuation policy during the financial statement period.
2. Conduct the on-site inventory inspection at the end of the period to identify whether there are obsolete, damaged or unmarketable inventories.
3. Obtain the inventory age report, perform the inventory age test, randomly sample the material number in the inventories to inspect the inventory change record, confirm the classification of the inventory age range, and evaluate the impact on the inventory value.
4. Obtain the net realizable value statement of the inventory, confirm the calculation logic, and randomly sample and test the relevant data against the relevant evaluation documents, and compare the cost and the net realizable value one by one for the lower after the recalculation.

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

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

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

Those charged with governance, including [the Audit Committee included], are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent-only Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of

assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement in Parent-only Financial Statements when it exists. Misstatements can arise from fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent-only Financial Statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those

matters that were of most significance in the audit of the Parent-only Financial Statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Jenny Yeh

CPA

Bill Yu

Former Securities and Futures Bureau of Financial Supervisory
Commission, Executive Yuan

Approval No. of Attestation: Jin-Guan-Zheng-Liu-Zi No.
0960058737

Financial Supervisory Commission

Approval No. of Attestation: Jin-Guan-Zheng-Shen-Zi
No.1110349013

March 13, 2024

Castles Technology Co., Ltd.
Parent-only Statement of Financial Position
December 31, 2023 and 2022

Unit: NTD thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,166,047	18	\$ 498,380	9
1136	Financial assets measured at amortized cost – current	6(1) and 8	-	-	8,511	-
1150	Notes receivable	6(3)	7,856	-	7,557	-
1170	Accounts receivable, net	6(3)	300,627	5	317,320	5
1180	Accounts receivable – related parties, net	6(3) and 7(2)	1,709,506	27	1,818,756	31
1200	Other receivables		15,794	-	42,425	1
130X	Inventories	6(4)	1,338,992	21	1,797,480	30
1410	Prepayments		55,128	1	22,441	-
11XX	Current Assets		<u>4,593,950</u>	<u>72</u>	<u>4,512,870</u>	<u>76</u>
Non-current assets						
1510	Financial assets at FVTPL – non- current	6(2)	27,876	-	16,573	-
1535	Financial assets measured at amortized cost – non-current	6(1) and 8	-	-	242	-
1550	Investment with the equity method	6(5)	920,738	15	675,441	12
1600	Property, plant and equipment	6(6) and 8	390,299	6	284,500	5
1755	Right-of-use assets	6(7)	32,158	1	38,079	1
1780	Intangible assets		16,698	-	25,410	-
1840	Deferred income tax assets	6(22)	234,151	4	236,855	4
1920	Refundable deposit		8,949	-	5,969	-
1930	Long-term notes and accounts receivable	6(3)	-	-	6,490	-
1990	Other non-current assets – others	6(3)	137,227	2	102,271	2
15XX	Non-current assets		<u>1,768,096</u>	<u>28</u>	<u>1,391,830</u>	<u>24</u>
1XXX	Total Assets		<u>\$ 6,362,046</u>	<u>100</u>	<u>\$ 5,904,700</u>	<u>100</u>

(Continued in the next page)

Castles Technology Co., Ltd.
Parent-only Statement of Financial Position
December 31, 2023 and 2022

Unit: NTD thousand

	Liabilities and Equity	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(8)	\$ 762,000	12	\$ 668,000	11
2130	Contract liabilities – current	6(15) and 7(2)	103,147	2	66,107	1
2150	Notes payable		100	-	-	-
2170	Accounts payable		986,136	16	1,540,354	26
2200	Other payables		257,413	4	203,154	4
2220	Other payables – related parties	7(2)	143	-	60,770	1
2230	Income tax liabilities of the period	6(22)	210,639	3	114,438	2
2280	Lease liabilities – current		10,022	-	10,616	-
2320	Long-term liabilities due in one year or one business cycle	6(9)	88,607	1	73,009	1
21XX	Current Liabilities		<u>2,418,207</u>	<u>38</u>	<u>2,736,448</u>	<u>46</u>
	Non-current liabilities					
2540	Long-term loans	6(9)	206,773	3	272,903	5
2570	Deferred income tax liabilities:	6(22)	6,547	-	20,257	-
2580	Lease liabilities – non-current		22,486	1	27,659	1
2670	Other non-current liabilities – others	6(10)	18,016	-	17,838	-
25XX	Non-current Liabilities		<u>253,822</u>	<u>4</u>	<u>338,657</u>	<u>6</u>
2XXX	Total liabilities		<u>2,672,029</u>	<u>42</u>	<u>3,075,105</u>	<u>52</u>
	Equity					
	Share capital	6(12)				
3110	Share capital - common stock		1,048,438	17	995,426	17
	Capital surplus	6(13)				
3200	Capital surplus		723,888	11	694,514	12
	Retained earnings	6(14)				
3310	Legal reserve		177,062	3	100,954	2
3320	Special reserve		-	-	29,110	-
3350	Unappropriated retained earnings		1,743,705	27	1,019,913	17
	Other equity interests					
3400	Other equity interests		14,975	-	7,729	-
3500	Treasury shares	6(12)	(18,051)	-	(18,051)	-
3XXX	Total equity		<u>3,690,017</u>	<u>58</u>	<u>2,829,595</u>	<u>48</u>
	Significant contingent liabilities and unrecognized contract commitments	IX.				
	Significant Events After Balance Sheet Date	XI.				
3X2X	Total Liabilities and Equity		<u>\$ 6,362,046</u>	<u>100</u>	<u>\$ 5,904,700</u>	<u>100</u>

The accompanying notes are an integral part of the Parent-only Financial Statements; please read them together.

Chairperson: Hua-Hsi Hsin

Managerial Officer: Hung-Chun Lin Accounting Officer: Mei-Yun Tu

Castles Technology Co., Ltd.
Parent-only Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022

Unit: NTD thousand
(Other than EPS, which is in NT\$)

	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	6(15) and 7(2)	\$ 6,365,380	100	\$ 6,159,886	100
5000	Operating costs	6(4)(20)	(4,957,455)	(78)	(5,001,269)	(81)
5900	Gross profit		1,407,925	22	1,158,617	19
5910	Unrealized income from sales		(51,423)	(1)	(28,980)	-
5920	Realized income from sales		28,980	1	10,684	-
5950	Gross operating profit, net		1,385,482	22	1,140,321	19
	Operating expenses	6(20) and 7(2)				
6100	Selling expenses		(123,543)	(2)	(74,491)	(1)
6200	General and administrative expenses		(80,457)	(1)	(85,666)	(2)
6300	Research and development expenses		(414,532)	(7)	(383,759)	(6)
6450	Expected credit (loss) profit	12(2)	(2,335)	-	3,261	-
6000	Total operating expenses		(620,867)	(10)	(540,655)	(9)
6900	Operating profit		764,615	12	599,666	10
	Non-operating income and expenses					
7100	Interest income	6(16)	13,647	-	1,598	-
7010	Other income	6(17) and 7(2)	38,703	-	42,589	1
7020	Other gains and losses	6(18)	4,267	-	8,597	-
7050	Finance cost	6(19)	(23,017)	-	(21,909)	(1)
7070	Shares of gain and loss from subsidiaries, associates, and joint venture recognized with the equity method	6(5)	295,262	5	245,728	4
7000	Total non-operating income and expenses		328,862	5	276,603	4
7900	Profit before income tax		1,093,477	17	876,269	14
7950	Income tax expense	6(22)	(194,278)	(3)	(114,996)	(2)
8200	Profit for the year		\$ 899,199	14	\$ 761,273	12
	Other comprehensive income, net					
	Items not re-classified to income/loss					
8311	Remeasurement of defined benefit programs	6(10)	(\$ 7)	-	(\$ 246)	-
8349	Income taxes related to the items not re-classified	6(22)	1	-	49	-
8310	Total of items not re-classified		(6)	-	(197)	-
	Items that may be reclassified subsequently to profit or loss					
8361	Financial statements translation differences of foreign operations	6(5)	7,246	-	36,840	1
8360	Total of items that may be reclassified subsequently to profit or loss		7,246	-	36,840	1
8300	Other comprehensive income, net		\$ 7,240	-	\$ 36,643	1
8500	Total comprehensive income for the year		\$ 906,439	14	\$ 797,916	13
	Basic earnings per share	6(23)				
9750	Profit for the year		\$ 8.65		\$ 7.78	
	Diluted earnings per share	6(23)				
9850	Profit for the year		\$ 8.58		\$ 7.68	

The accompanying notes are an integral part of the Parent-only Financial Statements; please read them together.

Chairperson: Hua-Hsi Hsin

Managerial Officer: Hung-Chun Lin

Accounting Officer: Mei-Yun Tu

Castles Technology Co., Ltd.
Parent-only Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

Note	Capital surplus					Retained earnings			Other equity interests		Total equity
	Share capital - common stock	Premium of issuance	Consolidated premium	Employee stock options	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury shares	
2022											
Balance as of January 1, 2022	\$ 895,426	\$ 320,198	\$ 4,816	\$ -	\$ -	\$ 78,676	\$ 11,451	\$ 352,037	(\$ 29,111)	(\$ 18,051)	\$ 1,615,442
Profit for the year	-	-	-	-	-	-	-	761,273	-	-	761,273
Total other comprehensive income for the period	-	-	-	-	-	-	-	(197)	36,840	-	36,643
Total comprehensive income for the period	-	-	-	-	-	-	-	761,076	36,840	-	797,916
Earning provision and appropriate 6(14) for 2021											
Provided for statutory reserves	-	-	-	-	-	22,278	-	(22,278)	-	-	-
Special reserve allocation	-	-	-	-	-	-	17,659	(17,659)	-	-	-
cash dividends	-	-	-	-	-	-	-	(53,263)	-	-	(53,263)
Cash capital increase 6(12)	100,000	369,149	-	(19,149)	-	-	-	-	-	-	450,000
Remuneration cost of employee 6(11) warrants for cash capital increase	-	-	-	19,500	-	-	-	-	-	-	19,500
Employee warrants invalidated	-	-	-	(351)	351	-	-	-	-	-	-
Balance as of December 31, 2022	\$ 995,426	\$ 689,347	\$ 4,816	\$ -	\$ 351	\$ 100,954	\$ 29,110	\$ 1,019,913	\$ 7,729	(\$ 18,051)	\$ 2,829,595
2023											
Balance on January 1, 2023	\$ 995,426	\$ 689,347	\$ 4,816	\$ -	\$ 351	\$ 100,954	\$ 29,110	\$ 1,019,913	\$ 7,729	(\$ 18,051)	\$ 2,829,595
Profit for the year	-	-	-	-	-	-	-	899,199	-	-	899,199
Total other comprehensive income for the period	-	-	-	-	-	-	-	(6)	7,246	-	7,240
Total comprehensive income for the period	-	-	-	-	-	-	-	899,193	7,246	-	906,439
Earning provision and appropriate 6(14) for 2022											
Provided for statutory reserves	-	-	-	-	-	76,108	-	(76,108)	-	-	-
Special reserve allocation	-	-	-	-	-	-	(29,110)	29,110	-	-	-
cash dividends	-	-	-	-	-	-	-	(79,017)	-	-	(79,017)
Share dividend	49,386	-	-	-	-	-	-	(49,386)	-	-	-
Capital increase from 6(12) remuneration to employees	3,626	29,374	-	-	-	-	-	-	-	-	33,000
Balance on December 31, 2023	\$ 1,048,438	\$ 718,721	\$ 4,816	\$ -	\$ 351	\$ 177,062	\$ -	\$ 1,743,705	\$ 14,975	(\$ 18,051)	\$ 3,690,017

The accompanying notes are an integral part of the Parent-only Financial Statements; please read them together.

Chairperson: Hua-Hsi Hsin

Managerial Officer: Hung-Chun Lin

Accounting Officer: Mei-Yun Tu

Castles Technology Co., Ltd.
Parent-only Statements of Cash Flows
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

	Note	2023	2022
<u>Cash flow from operating activities</u>			
Profit before tax for the period		\$ 1,093,477	\$ 876,269
Adjustments			
Income/expenses items			
Depreciation expense of property, plant and equipment	6(20)	30,593	23,965
Amortized expenses of the right-of-use assets	6(20)	11,048	6,075
Amortization expenses of intangible assets	6(20)	8,712	8,712
Amortization of other non-current assets	6(20)	5,397	5,030
Expected credit (loss) profit	12(2)	2,335	(3,261)
Financial assets at FVTPL – net loss (income)	6(18)	(11,303)	(16,573)
Interest expense	6 (19)	23,017	21,909
Interest income	6(16)	(13,647)	(1,598)
Dividend income	6(17)	(21,650)	(12,858)
Remuneration cost of employee warrants for cash capital increase	6(11)	-	19,500
Shares of gain from subsidiary recognized with the equity method	6(5)	(295,262)	(245,728)
Loss (gain) on disposal of property, plant and equipment	6(18)	-	(45)
Impairment loss of investment with the equity method	6(18)	9,535	5,114
Unrealized income from sales	6(5)	51,423	28,980
Realized income from sales	6(5)	(28,980)	(10,684)
Changes in operating assets and liabilities			
Net changes in assets related to operating activities			
Notes receivable		(302)	(1,947)
Accounts receivable, net		20,851	6,522
Accounts receivable -- related parties		109,250	(973,639)
Other receivables		26,631	(16,107)
Inventories		458,488	(296,543)
Prepayments		(32,687)	(9,630)
Other non-current assets		(44,084)	(27,181)
Net changes in liabilities related to operating activities			
Contract liabilities – current		37,040	(14,171)
Notes payable		100	(49)
Accounts payable		(554,218)	462,544
Other payables		87,270	86,824
Other payables – related parties		(60,627)	52,377
Net defined benefit liabilities		171	172
Cash inflow (outflow) from operations		912,578	(26,021)
Interest received		13,647	1,598
Dividend received		21,650	12,858
Interest paid		(23,028)	(22,062)
Income tax paid		(109,082)	(53,563)
Net cash inflow (outflow) from operating activities		815,765	(87,190)

(Continued in the next page)

Castles Technology Co., Ltd.
Parent-only Statements of Cash Flows
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

	Note	2023	2022
<u>Cash flow from investing activities:</u>			
Financial assets measured at amortized cost			
(increased) decreased		\$ 8,753	\$ 74,286
Cash dividends received from subsidiaries	6(5)		
accounted for using the equity method		25,233	-
Acquisition of property, plant and equipment	6(6)	(128,334)	(16,922)
Disposal of property, plant and equipment		-	190
Refundable deposit (increase)		(3,217)	(5,018)
Refundable deposit decrease		237	1,811
Prepayment of equipment (increase)		(4,327)	(2,720)
Net cash (outflow) inflow from investing activities		(101,655)	51,627
<u>Cash flow from financing activities:</u>			
Acquisition of investment adopting the equity method – increase in capital of subsidiary	6(5)	-	(9,698)
Proceeds from short-term borrowings	6(24)	3,880,832	2,962,244
Repayment of short-term borrowings	6(24)	(3,786,832)	(3,202,630)
Proceeds from long-term debt	6(24)	-	50,000
Repayment of long-term debt	6(24)	(50,532)	(70,250)
Payment of cash dividends	6(14)	(79,017)	(53,263)
Repayment of principal for lease liabilities	6(24)	(10,894)	(5,927)
Cash capital increase	6(12)	-	450,000
Net cash (outflow) inflow from financing activities		(46,443)	120,476
Increase in cash and cash equivalents for the period		667,667	84,913
Cash and cash equivalents at beginning of year		498,380	413,467
Cash and cash equivalents at end of year		\$ 1,166,047	\$ 498,380

The accompanying notes are an integral part of the Parent-only Financial Statements; please read them together.

Chairperson: Hua-Hsi Hsin

Managerial Officer: Hung-Chun Lin Accounting Officer: Mei-Yun Tu

2. Independent Auditor's Report (Consolidated Financial Statements)

Castles Technology Co., Ltd. and its subsidiaries

Declaration for Consolidated Financial Statements of Affiliated Enterprises

For the year of 2023 (from January 1, 2023 to December 31, 2023), the companies to be included in the preparation of the affiliate consolidated financial statements pursuant to the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Reports and Consolidated Financial Statements of Affiliated Enterprises,” are the same as those included in the consolidated financial statements of the parent company and subsidiaries prepared in conformity under the International Financial Reporting Standards (IFRS) No. 10, which are standards certified by the Financial Supervisory Commission. In addition, the information required to be disclosed in the consolidated financial statements is included in the aforesaid consolidated financial statements. Consequently, the Company and its subsidiaries do not prepare a separate set of consolidated financial statements.

It is hereby declared

Name of Company: Castles Technology Co., Ltd.

Responsible Person: Hua-Hsi Hsin

March 12, 2024

Independent Auditors' Report

(113) Cai-Shen-Bao-Zi No. 23004943

To Castles Technology Co., Ltd.:

Opinion

Castles Technology Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated Statement of Financial Positions as of December 31, 2023 and 2022, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group’s 2023 consolidated financial statements are as below:

Evaluations of the loss allowance for accounts receivable

Description of key audit matters

For the accounting policy of accounts receivable, please refer to Note 4(9) of the Consolidated Financial Statement; for the uncertainties of accounting estimates and assumptions for the assessed loss allowance of accounts receivable, please refer to Note 5(2) of the Consolidated Financial Statement; for the description of accounts for accounts receivable, please refer to Note 6(3) of the Consolidated Financial Statement.

The Group manages the payment collection and overdue accounts, while assuming the related credit risks. The management regularly evaluates the credit quality and payment status of customers, and adjusts the credit policy for customers in a timely manner. In addition, the assessment for the impairment of accounts receivable is based on the relevant provisions of the International Financial Reporting Standard 9 “Financial Instruments,” using a simplified method of assessment the expected credit loss; the management authority establishes the expected loss rate based on the overdue period of the customer in the history as of the Statement of Financial Position date, and various factors that may affect the customer’s solvency such as financial position and economic conditions, while incorporating the future forward-looking information.

Because the amount of accounts receivable of the Group is relatively large, and the assessment process of loss allowance involves the judgment of the management; therefore, we listed the assessment of loss allowance of accounts receivable as one of the most important matters in the audit.

Responding audit procedures

The responding audit procedures we adopted for the aforesaid key audit matters are as below:

1. Understand the Group’s customer credit status, credit quality and provision policy for loss allowance of accounts receivable.
2. Test the changes in the aging of accounts receivable, inspect the relevant supporting documents of the dates of accounts receivable, and confirm the classification of the aging period.
3. Obtain and review the relevant information provided by the management, and refer to the ratio of providing loss allowance by referring to the historical loss occurrence rate in the past years while considering future forward-looking information.
4. Recalculate the loss allowance that shall be provided based on the ratio of providing loss allowance.

Valuation of inventories

Description of key audit matters

For the accounting policy of inventory valuation, please refer to Note 4(12) of the Consolidated Financial Statements; for the uncertainties of accounting estimates and assumptions

for the inventory valuation, please refer to Note 5(2) of the Consolidated Financial Statements; for the description of accounts for inventory, please refer to Note 6(4) of the Consolidated Financial Statements.

The major revenue of the Group is processing, manufacturing, and sales of point of sales (POS), and the inventory valuation is subject to the changes of inventory values due to technology changes, environmental changes, and sales conditions. The Group adopts the judgements to estimate the net realizable value of inventory, to identify the net realizable value one by one, to compare with the costs for which one is lower, while supplementing the usable status of long-duration inventory individually, to provide the valuation loss.

Since the amount of inventory of the Group is relatively large, and the inventory valuation process involves the judgment of the management; therefore, we listed the valuation of the inventory is one of the most important matters in the audit.

Responding audit procedures

The responding audit procedures we implemented for the aforesaid key audit matters are as below:

5. Obtain the inventory valuation policy, evaluate its provision policy, and confirm the adoption of the inventory valuation policy during the financial statement period.
6. Conduct the on-site inventory inspection at the end of the period to identify whether there are obsolete, damaged or unmarketable inventories.
7. Obtain the inventory age report, perform the inventory age test, randomly sample the material number in the inventories to inspect the inventory change record, confirm the classification of the inventory age range, and evaluate the impact on the inventory value.
8. Obtain the net realizable value statement of the inventory, confirm the calculation logic, and randomly sample and test the relevant data against the relevant evaluation documents, and compare the cost and the net realizable value one by one for the lower after the recalculation.

Other matters – Parent-only Financial Statements

We have also audited the Parent-only Financial Statements of Castles Technology Co., Ltd. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

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

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

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

Those charged with governance, (including the audit committee), are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Jenny Yeh

CPA

Bill Yu

Former Securities and Futures Bureau of Financial Supervisory
Commission, Executive Yuan

Approval No. of Attestation: Jin-Guan-Zheng-Liu-Zi No.
0960058737

Financial Supervisory Commission

Approval No. of Attestation: Jin-Guan-Zheng-Shen-Zi
No.1110349013

March 13, 2024

Castles Technology Co., Ltd. and its subsidiaries
Consolidated Statement of Financial Position
December 31, 2023 and 2022

Unit: NTD thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,886,670	27	\$ 1,010,234	16
1136	Financial assets measured at amortized cost – current	6(1) and 8	126,582	2	86,379	1
1150	Notes receivable	6(3)	7,856	-	7,557	-
1170	Accounts receivable, net	6(3)	1,953,243	28	1,968,530	31
1200	Other receivables		53,065	1	45,383	1
1220	Income tax assets of the period	6(22)	11,635	-	3,617	-
130X	Inventories	6(4)	1,841,585	26	2,273,610	35
1410	Prepayments		87,008	1	62,430	1
11XX	Current Assets		<u>5,967,644</u>	<u>85</u>	<u>5,457,740</u>	<u>85</u>
Non-current assets						
1510	Financial assets at FVTPL – non- current	6(2)	29,583	-	18,263	-
1535	Financial assets measured at amortized cost – non-current	6(1) and 8	3,170	-	242	-
1600	Property, plant and equipment	6(5) and 8	432,103	6	355,496	6
1755	Right-of-use assets	6(6)	118,601	2	129,566	2
1780	Intangible assets		33,174	1	47,113	1
1840	Deferred income tax assets	6(22)	253,750	4	256,648	4
1920	Refundable deposit		14,154	-	10,382	-
1930	Long-term notes and accounts receivable	6(3)	-	-	6,490	-
1990	Other non-current assets – others	6(3)	137,434	2	108,236	2
15XX	Non-current assets		<u>1,021,969</u>	<u>15</u>	<u>932,436</u>	<u>15</u>
1XXX	Total Assets		<u>\$ 6,989,613</u>	<u>100</u>	<u>\$ 6,390,176</u>	<u>100</u>

(Continued in the next page)

Castles Technology Co., Ltd. and its subsidiaries
Consolidated Statement of Financial Position
December 31, 2023 and 2022

Unit: NTD thousand

	Liabilities and Equity	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(7)	\$ 762,000	11	\$ 668,000	11
2130	Contract liabilities – current	6(15)	101,481	1	76,558	1
2150	Notes payable		100	-	-	-
2170	Accounts payable		1,083,649	16	1,606,494	25
2200	Other payables	6(8)	468,320	7	378,356	6
2230	Income tax liabilities of the period	6(22)	262,052	4	146,706	2
2250	Liability reserves – current		18,216	-	8,663	-
2280	Lease liabilities – current		27,195	-	24,444	1
2320	Long-term liabilities due in one year or one business cycle	6(9)	88,607	1	73,009	1
2399	Other current liabilities – others		3,666	-	10,494	-
21XX	Current Liabilities		<u>2,815,286</u>	<u>40</u>	<u>2,992,724</u>	<u>47</u>
	Non-current liabilities					
2540	Long-term loans	6(9)	206,773	3	272,903	4
2550	Liability reserves – non-current		828	-	3,069	-
2570	Deferred income tax liabilities:	6(22)	26,146	-	39,790	1
2580	Lease liabilities – non-current		96,319	2	108,275	2
2645	Deposits received		576	-	576	-
2670	Other non-current liabilities – others	6(10)	18,094	-	17,838	-
25XX	Non-current Liabilities		<u>348,736</u>	<u>5</u>	<u>442,451</u>	<u>7</u>
2XXX	Total liabilities		<u>3,164,022</u>	<u>45</u>	<u>3,435,175</u>	<u>54</u>
	Equity attributable to shareholders of the parent company					
	Share capital	6(12)				
3110	Share capital - common stock		1,048,438	15	995,426	15
3150	Stock dividends to be distributed		-	-	-	-
	Capital surplus	6(13)				
3200	Capital surplus		723,888	10	694,514	11
	Retained earnings	6(14)				
3310	Legal reserve		177,062	3	100,954	2
3320	Special reserve		-	-	29,110	-
3350	Unappropriated retained earnings		1,743,705	25	1,019,913	16
	Other equity interests					
3400	Other equity interests		14,975	-	7,729	-
3500	Treasury shares	6(13)	(18,051)	-	(18,051)	-
31XX	Total equity attributable to owners of the parent company		<u>3,690,017</u>	<u>53</u>	<u>2,829,595</u>	<u>44</u>
36XX	Non-controlling interest		<u>135,574</u>	<u>2</u>	<u>125,406</u>	<u>2</u>
3XXX	Total equity		<u>3,825,591</u>	<u>55</u>	<u>2,955,001</u>	<u>46</u>
	Significant contingent liabilities and unrecognized contract commitments	IX.				
	Significant Events After Balance Sheet Date	XI.				
3X2X	Total Liabilities and Equity		<u>\$ 6,989,613</u>	<u>100</u>	<u>\$ 6,390,176</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements; please read together.

Chairperson: Hua-Hsi Hsin

Managerial Officer: Hung-Chun Lin

Accounting Officer: Mei-Yun Tu

Castles Technology Co., Ltd. and its subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022

Unit: NTD thousand
(Other than EPS, which is in NT\$)

	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	6(15)	\$ 8,045,038	100	\$ 7,399,996	100
5000	Operating costs	6(4)(20)	(5,363,177)	(67)	(5,082,436)	(69)
5950	Gross operating profit, net		<u>2,681,861</u>	<u>33</u>	<u>2,317,560</u>	<u>31</u>
	Operating expenses	6(20)				
6100	Selling expenses		(464,762)	(6)	(393,927)	(5)
6200	General and administrative expenses		(396,509)	(5)	(243,803)	(3)
6300	Research and development expenses		(632,687)	(8)	(588,236)	(8)
6450	Expected credit impairment loss	12(2)	(31,562)	-	(64,518)	(1)
6000	Total operating expenses		<u>(1,525,520)</u>	<u>(19)</u>	<u>(1,290,484)</u>	<u>(17)</u>
6900	Operating profit		<u>1,156,341</u>	<u>14</u>	<u>1,027,076</u>	<u>14</u>
	Non-operating income and expenses					
7100	Interest income	6(16)	23,884	-	3,368	-
7010	Other income	6(17)	39,883	1	18,295	-
7020	Other gains and losses	6(18)	30,007	-	(4,582)	-
7050	Finance cost	6 (19)	(26,609)	-	(24,035)	-
7000	Total non-operating income and expenses		<u>67,165</u>	<u>1</u>	<u>(6,954)</u>	<u>-</u>
7900	Profit before income tax		<u>1,223,506</u>	<u>15</u>	<u>1,020,122</u>	<u>14</u>
7950	Income tax expense	6(22)	(292,012)	(3)	(214,807)	(3)
8200	Profit for the year		<u>\$ 931,494</u>	<u>12</u>	<u>\$ 805,315</u>	<u>11</u>

(Continued in the next page)

Castles Technology Co., Ltd. and its subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022

Unit: NTD thousand
(Other than EPS, which is in NT\$)

Item	Note	2023		2022		
		Amount	%	Amount	%	
Other comprehensive income, net						
8311	Remeasurement of defined benefit programs	6(10)	(\$ 7)	-	(\$ 246)	-
8349	Income taxes related to the items not re-classified	6(22)	1	-	49	-
8310	Total of items not re-classified		(6)	-	(197)	-
Items that may be reclassified subsequently to profit or loss						
8361	Financial statements translation differences of foreign operations		5,856	-	46,702	1
8360	Total of items that may be reclassified subsequently to profit or loss		5,856	-	46,702	1
8300	Other comprehensive income, net		\$ 5,850	-	\$ 46,505	1
8500	Total comprehensive income for the year		\$ 937,344	12	\$ 851,820	12
Net profit (loss) attributable to:						
8610	Owners of the parent		\$ 899,199	11	\$ 761,273	10
8620	Non-controlling interest		32,295	1	44,042	1
	Current net profit (loss)		\$ 931,494	12	\$ 805,315	11
Total comprehensive income attributable to:						
8710	Owners of the parent		\$ 906,439	12	\$ 797,916	11
8720	Non-controlling interest		30,905	-	53,904	1
	Total comprehensive income for the period		\$ 937,344	12	\$ 851,820	12
Basic earnings per share						
9750	Profit for the year	6(23)		8.65		7.78
Diluted earnings per share						
9850	Profit for the year	6(23)		8.58		7.68

The accompanying notes are an integral part of the consolidated financial statements; please read together.

Chairperson: Hua-Hsi Hsin

Managerial Officer: Hung-Chun Lin

Accounting Officer: Mei-Yun Tu

Castles Technology Co., Ltd. and its subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

Equity attributable to shareholders of the parent company										
Note	Share capital - common stock	Capital surplus	Retained earnings			Other equity interests		Total	Non-controlling interest	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury shares			
2022										
	\$ 895,426	\$ 325,014	\$ 78,676	\$ 11,451	\$ 352,037	(\$ 29,111)	(\$ 18,051)	\$ 1,615,442	\$ 70,424	\$ 1,685,866
	-	-	-	-	761,273	-	-	761,273	44,042	805,315
	-	-	-	-	(197)	36,840	-	36,643	9,862	46,505
	-	-	-	-	761,076	36,840	-	797,916	53,904	851,820
6(14)										
	-	-	22,278	-	(22,278)	-	-	-	-	-
	-	-	-	17,659	(17,659)	-	-	-	-	-
	-	-	-	-	(53,263)	-	-	(53,263)	-	(53,263)
6(12)	100,000	350,000	-	-	-	-	-	450,000	-	450,000
6(11)										
	-	19,500	-	-	-	-	-	19,500	-	19,500
	-	-	-	-	-	-	-	-	1,078	1,078
	\$ 995,426	\$ 694,514	\$ 100,954	\$ 29,110	\$ 1,019,913	\$ 7,729	(\$ 18,051)	\$ 2,829,595	\$ 125,406	\$ 2,955,001
2023										
	\$ 995,426	\$ 694,514	\$ 100,954	\$ 29,110	\$ 1,019,913	\$ 7,729	(\$ 18,051)	\$ 2,829,595	\$ 125,406	\$ 2,955,001
	-	-	-	-	899,199	-	-	899,199	32,295	931,494
	-	-	-	-	(6)	7,246	-	7,240	(1,390)	5,850
	-	-	-	-	899,193	7,246	-	906,439	30,905	937,344
6(14)										
	-	-	76,108	-	(76,108)	-	-	-	-	-
	-	-	-	(29,110)	29,110	-	-	-	-	-
	-	-	-	-	(79,017)	-	-	(79,017)	-	(79,017)
	49,386	-	-	-	(49,386)	-	-	-	-	-
	3,626	29,374	-	-	-	-	-	33,000	-	33,000
	-	-	-	-	-	-	-	-	(20,737)	(20,737)
	\$ 1,048,438	\$ 723,888	\$ 177,062	\$ -	\$ 1,743,705	\$ 14,975	(\$ 18,051)	\$ 3,690,017	\$ 135,574	\$ 3,825,591

The accompanying notes are an integral part of the consolidated financial statements; please read together.

Chairperson: Hua-Hsi Hsin

Managerial Officer: Hung-Chun Lin

Accounting Officer: Mei-Yun Tu

Castles Technology Co., Ltd. and its subsidiaries
Consolidated Cash Flow Statement
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

	Note	2023	2022
<u>Cash flow from operating activities</u>			
Profit before tax for the period		\$ 1,223,506	\$ 1,020,122
Adjustments			
Income/expenses items			
Depreciation expense of property, plant and equipment	6(20)	58,173	71,699
Amortized expenses of the right-of-use assets	6(20)	32,543	21,964
Amortization expenses of intangible assets	6(20)	24,745	15,150
Amortization expenses of other non-current assets	6(20)	7,110	9,861
Expected credit impairment (incomes) losses	12(2)	31,562	64,518
Goodwill impairment losses	6(18)	9,535	5,114
Interest expense	6 (19)	26,609	24,035
Interest income	6(16)	(23,884)	(3,368)
Dividend income	6(17)	(21,650)	(12,858)
Loss (income) from disposal of property, plant and equipment	6(18)	174	4,019
Loss (gains) on lease modification	6(18)	-	(31)
Financial assets at FVTPL – net loss (income)	6(18)	(11,303)	(16,573)
Remuneration cost of employee warrants for cash capital increase	6(11)	-	19,500
Changes in operating assets and liabilities			
Net changes in assets related to operating activities			
Notes receivable		(302)	(1,948)
Accounts receivable, net		(12,160)	(973,190)
Other receivables		(5,846)	(13,389)
Inventories		431,258	(638,346)
Prepayments		(24,578)	(21,094)
Other non-current assets		(47,222)	(32,497)
Net changes in liabilities related to operating activities			
Contract liabilities – current		24,923	(13,811)
Notes payable		100	(49)
Accounts payable		(522,845)	488,843
Other payables		122,975	162,836
Liability reserve		7,312	(470)
Other current liabilities		(7,108)	1,542
Net defined benefit liabilities		171	172
Other non-current liabilities – others		78	-
Cash inflow from operations		1,323,876	181,751
Interest received		22,048	2,650
Dividend received		21,650	12,858
Interest paid		(26,620)	(24,188)
Income tax paid		(195,458)	(139,556)
Net cash inflow from operating activities		1,145,496	33,515

(Continued in the next page)

Castles Technology Co., Ltd. and its subsidiaries
Consolidated Cash Flow Statement
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

	Note	2023	2022
<u>Cash flow from investing activities:</u>			
Financial assets measured at amortized cost -			
current (increased) decreased		(\$ 43,131)	(\$ 2,820)
Acquisition of property, plant and equipment	6(5)	(137,279)	(39,773)
Disposal of property, plant and equipment		13	230
Refundable deposit (increase)		(6,055)	(7,056)
Refundable deposit decrease		2,359	2,524
Acquisition of intangible assets		(3,122)	(1,287)
Prepayment of equipment (increase)		(1,611)	(5,485)
Net cash outflow from investing activities		(188,826)	(53,667)
<u>Cash flow from financing activities:</u>			
Proceeds from short-term borrowings	6(24)	3,880,832	2,962,244
Repayment of short-term borrowings	6(24)	(3,786,832)	(3,202,630)
Proceeds from long-term debt	6(24)	-	50,000
Repayment of long-term debt	6(24)	(50,532)	(70,250)
Repayment of principal for lease liabilities	6(24)	(30,559)	(19,952)
Dividends distributed by subsidiaries		(20,737)	-
Payment of cash dividends	6(14)	(79,017)	(53,263)
Cash capital increase	6(12)	-	450,000
Increase in non-controlling equity – cash capital increase by a subsidiary		-	1,078
Net cash (outflow) inflow from financing activities		(86,845)	117,227
Effects of changes in foreign exchange rates		6,611	45,921
Increase in cash and cash equivalents for the period		876,436	142,996
Cash and cash equivalents at beginning of year		1,010,234	867,238
Cash and cash equivalents at end of year		\$ 1,886,670	\$ 1,010,234

The accompanying notes are an integral part of the consolidated financial statements; please read together.

Chairperson: Hua-Hsi Hsin

Managerial Officer: Hung-Chun Lin Accounting Officer: Mei-Yun Tu

Attachment VI

Castles Technology Co., Ltd.

2023 Earnings Distribution Table

Unit: In New
Taiwan Dollars

Item	Amount	Explanation
Beginning unappropriated retained earnings	844,512,253	(1)
Adjustment to retained earnings	(5,520)	(2)
Add: Net income after tax for 2023	<u>899,198,649</u>	
Unappropriated retained earnings after adjustment	1,743,705,382	
Less: Appropriation of 10% for legal reserve	(89,919,313)	
Add: Reversal of special reserve	<u>0</u>	
Total earnings available for distribution in the current period	1,653,786,069	
Distribution items:		
Shareholders' dividends- shares (\$0.5 per share)	(52,036,390)	(3)
Shareholders' dividends- cash (\$1.2 per share)	<u>(124,887,354)</u>	(3)
Ending unappropriated retained earnings	<u>1,476,862,325</u>	

Chairperson:
Hua-Hsi Hsin

Managerial Officer:
Hung-Chun Lin

Accounting Officer:
Mei-Yun Tu

Explanation:

(1) These are the retained earnings after 2022 earnings distribution approved by the shareholders' meeting in 2023.

(2) The retained earnings were adjusted due to accounting treatment of actuarial valuation of pension funds.

(3) The earnings for 2023 shall be subject to priority distribution.

Attachment VII

**Castles Technology Co., Ltd.
2024 Regular Shareholders' Meeting
Education and experience of directors and independent
directors candidates**

Candidates List	Name	Number of shares held	Major education and experience
Director	Hua-Hsi Hsin	3,682,333 shares	Graduated from the Department of Nuclear Engineering, National Tsing Hua University Chairperson, Castles Technology Co., Ltd.
Director	Hua Kan Investment Co., Ltd.	13,634,855 shares	
Representative	Hung-Chun Lin	923,808 shares	Graduated from the Department of Electronic Engineering, National Taiwan University of Science and Technology Assistant Engineer, Sysgration Ltd. R&D Engineer, Foongtone Technology Co., Ltd. President, Castles Technology Co., Ltd.
Director	Wen-Jeh Fong	191,159 shares	Saginaw Valley State University MI. Master Degree of Business Administration Department of Economics, National Chung Hsing University Vice President, UNIFORM INDUSTRIAL CORP. US Bankcard Services CSO (USA) Vice President, ACER INCORPORATED President, Hypercom Corporation CSO, Castles Technology Co., Ltd.
Director	Chia-Hua Huang	0 share	Institute of Industrial Management, National Taiwan University of Science and Technology

Candidates List	Name	Number of shares held	Major education and experience
			Allone Solution Co., Ltd. Division Director Manager, Wamtek Technology Co., Ltd. COO, Castles Technology Co., Ltd.
Independent Director	Hsi-Hsun Gong	0 share	The 26th Master Program on Entrepreneur Business Administration, Department of Business Administration, National Chengchi University Graduated from the Department of Nuclear Engineering, National Tsing Hua University President, Cipherlab Co., Ltd. Chairperson and President, COS Engineering Co., Ltd.
Independent Director	Hsin-Kai Kung	0 share	MBA, Tiffin University, USA Graduated from the Department of Accounting, Tamkang University CPA, Hsinkai CPAs Firm Assistant Manager, Audit Department, Deloitte Taiwan Independent Director, JSW PACIFIC CORPORATION Director, Hsinkai Management Consulting Co., Ltd. CFO, TAIWAN ENVIRONMENT SCIENTIFIC CO., LTD. Corporate Governance Officer, First Steamship Co., Ltd.
Independent Director	Jiunn-Jen Chen	0 share	BSc, Department of Computer Science, Tamkang University MSc, Institute of Information Engineering, National Taiwan University Director, HiTRUST Corporation Chairman and Advisor to President, Beijing Lakala Payment Limited

Candidates List	Name	Number of shares held	Major education and experience
			President of China Region, WeLab Inc. VP, China Resource Bank HQ SVP, CTBC Bank SVP, Taishin International Bank Manager, First Commercial Bank President, Visa International (Taiwan) Director, O-Bank

Attachment VIII

Castles Technology Co., Ltd.

**2024 Regular Shareholders' Meeting
Details for New Directors' Participation in Competitive
Business**

Position	Name	Company Name and Title for Competitive Business to be Released
Director	Hua-Hsi Hsin	Managing Director, Suzhou Castech Limited Director, Castles Technology Singapore Pte. Ltd. Ltd. Directors Castles Technology Europe S.R.L. Directors Castles Technology International Corp. Directors Castles Technology Spain, S.L. Chairperson Castles Technology UK & Ireland Ltd. Directors Chairperson, Castles Technology-Jordan Private Shareholding Company Person in Charge, Castles Technology Japan GK CASTLES TECHNOLOGY TURKEY TICARET ANONİM ŞİRKETİ. Directors Chairperson, Casware System Technology Co., Ltd.
Director	Hua Kan Investment Co., Ltd.	
Representative	Hung-Chun Lin	Director, Castles Technology Singapore Pte. Ltd. Ltd. Directors Castles Technology UK & Ireland Ltd. Directors

		CASTLES TECHNOLOGY TURKEY TICARET ANONİM ŞİRKETİ. Directors President, Casware System Technology Co., Ltd.
Director	Wen-Jeh Fong	Castles Technology International Corporation Director cum President

Appendix I

Articles of Incorporation of Castles Technology Co., Ltd.

Chapter I General Provisions

- Article 1 The Company shall be incorporated under the Company Act, and its name shall be 虹堡科技股份有限公司 in the Chinese language, and Castles Technology Co., Ltd. in the English language.
- Article 2 The business of the Company shall be as follows:
- I. I301010 Information Software Services
 - II. I501010 Product Designing
 - III. F113070 Wholesale of Telecommunication Apparatus
 - IV. F119010 Wholesale of Electronic Materials
 - V. F213060 Retail Sale of Telecommunication Apparatus
 - VI. F401010 International Trade
 - VII. F401021 Controlled Telecommunications Radio-Frequency Devices and Materials Import
 - VIII. CC01080 Electronics Components Manufacturing
 - IX. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
 - X. CC01110 Computer and Peripheral Equipment Manufacturing
 - XI. E605010 Computer Equipment Installation
 - XII. F113050 Wholesale of Computers and Clerical Machinery Equipment
 - XIII. F118010 Wholesale of Computer Software
 - XIV. J304010 Book Publishing
 - XV. JA02010 Electric Appliance and Electronic Products Repair
 - XVI. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company established its headquarter in New Taipei City, Taiwan. The Company may, if necessary, establish domestic and overseas branches upon resolution of the board of directors.
- Article 4 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act and other relevant laws and regulations.
- #### Chapter II Shares
- Article 5 The total capital stock of the Company shall be in the amount of NT\$1,600,000,000, divided into 160,000,000 shares. The shares shall be issued at NT\$10 each. The board of directors is authorized to issue the unissued shares in installments in view of the circumstances.
- A total of NT\$60,000,000 of the above total capital stock shall be reserved for issuing employee stock options for a total of 6,000,000 shares at NT\$10 per share. The Company may authorize Board of Directors to issue the shares in installment in accordance with laws and regulations.
- Article 6 If the Company wishes to cancel the public issuance of the shares it has issued, it shall apply for the approval of the shareholders' meeting. The resolution shall be performed in accordance with Article 156 of Company Act. This article shall not be changed during the ESM period and listed (OTC) period.
- Article 7 The Company may make outward reinvestment where business needs exist, and may be a limited liability shareholder of other companies through the resolution of the board of directors. The total amount of the Company's reinvestment is subject to the restriction of not more than 40% of the Company's paid-up capital provided in Article 13 of the Company Act.
- Article 8 The Company may make endorsements and guarantees where business needs exist.
- Article 9 The share certificates of the Company shall all be name-bearing, affixed with the signatures or personal seals of the directors representing the Company, and duly certified or authenticated by the bank which is competent to certify shares under the law. The Company may be exempted from printing share certificates for the shares issued after the public issuance of its shares, but shall register the issued shares with a centralized securities depository enterprise. The same procedure shall be followed when issuing other securities.
- Shares issued in accordance with the provision of the preceding paragraph shall be registered with a centralized securities depository enterprise and follow the regulations of that enterprise.

Article 10 The entries in the shareholders' roster shall not be altered within the period provided in Article 165 of the Company Act.

After the initial public offering, the Company shall conduct the administration of shareholder services in accordance with the Company Act and the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.

Chapter III Shareholders' Meeting

Article 11 There are two types of shareholders' meetings, regular meetings, and special meetings. Regular meetings shall be convened once a year by the board of directors, within six months after the end of the accounting year. Special meetings shall be convened in accordance with the law if necessary

Written notices of the date and place of the meeting and the reason for convention shall be sent to all shareholders and published for the convening of shareholders' meetings at least 20 days in advance in case of regular meetings and at least 10 days in advance in case of special meetings. The notice may be given by means of electronic transmission after obtaining the prior consent from the recipients.

For shareholders holding less than one thousand shares, a public notice of the written notice set forth in the preceding paragraph may be made instead.

After the initial public offering, the written notice set forth in the preceding paragraph shall be made at least 30 days in advance in case of regular meetings and at least 15 days in advance in case of special meetings.

Article 11-1 The Company's shareholders' meeting may be held by means of visual communication network or other methods promulgated by the Ministry of Economic Affairs.

Article 12 Shareholders who are unable to attend the shareholders' meeting for any reason may appoint a proxy to attend the shareholders' meeting on their behalf by providing the proxy form issued by the Company, stating the scope of the proxy's authorization and affixing their signatures or personal seals.

After the initial public offering, in addition to the provisions of the preceding paragraph, the proxies for attendance at the shareholders' meeting shall also follow the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.

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

During the listed (OTC) period of the Company, voting by way of electronic transmission shall be included as one of the ways for shareholders to exercise their voting power.

Article 14 Except as provided in the Company Act, the shareholders' meeting may be held if attended by shareholders representing more than one half of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the approval of a majority of the votes held by the shareholders present at the meeting.

The resolutions of the shareholders' meeting shall be recorded in the minutes, and they shall comply with the provisions of Article 183 of the Company Act.

Chapter IV Directors and Audit Committee

Article 15 The Company shall have seven directors, whose term shall be three years. Directors shall be elected by adopting the candidate nomination system. They shall be elected from the candidate list at the shareholders' meeting, and they shall be eligible for re-election.

The board of directors shall be organized by the directors. The directors shall elect from among themselves a chairperson, by a majority in a meeting attended by over two thirds of the directors, to represent the Company externally.

Article 16 Among the number of directors in the preceding article, there shall be three independent directors. The matters regarding the professional qualifications, shareholding ratio, restrictions on concurrent positions, nomination and appointment methods of the independent directors shall be conducted in accordance with the regulations of the competent authority in charge of

securities.

- Article 16-1 In accordance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee, which shall consist of all independent directors, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.
- Article 17 The cumulative voting method is used for the election of the Company's directors. Each share will have voting rights in number equal to the number of directors to be elected, and may be cast for a single candidate or split among multiple candidates. Those candidates receiving more voting rights shall be elected as directors.
The election of independent directors and non-independent directors shall be held together, provided that the number of independent directors and non-independent directors elected shall be calculated separately.
- Article 18 When the number of vacancies on the board of directors of the Company reaches one third of the total number of directors, the board of directors shall convene a special shareholders' meeting to elect succeeding directors to fill the vacancies within 30 days.
When an independent director is dismissed for any reason, including resignation, dismissal, and expiration of the term, resulting in a number of independent directors lower than required, a by-election for independent director shall be held at the next shareholders' meeting. When all independent directors have been dismissed, the Company shall convene a special shareholders' meeting to hold a by-election within 60 days from the date on which the situation arose.
- Article 19 Except as otherwise stated in laws and regulations or in the Articles of Incorporation, resolutions of the board of directors require the approval of a majority of the directors present at a board meeting attended by a majority of all directors.
- Article 20 In case the chairperson of the board of directors is on leave or absent or unable to exercise their power and authority for any cause, their proxy shall be appointed in accordance with Article 208 of Company Act. Each director shall attend the meeting of the board of directors in person. In case a director is unable to attend the meeting for any cause, they may appoint another director on their behalf. A director may accept the appointment as proxy referred to in the preceding paragraph of only one director.

The Company may convene a virtual-only meeting of the board of directors. A director who participates in a board meeting via video conference is considered to be present in person. A notice of the reasons for convening a meeting of the board of directors shall be given to each director before seven days before the meeting is convened. In emergency circumstances, however, a meeting may be called on shorter notice. The notice for board meetings may be sent by means of paper, e-mail, or fax to notify each director.
- Article 21 The board of directors shall establish the Compensation Committee or other functional committee to meet the Company's operational needs.
- Article 22 The Company's board of directors may obtain liability insurance for directors with respect to the liabilities resulting from the exercise of their duties during their terms.
- Article 23 For the Company's directors acting within the scope of the Company's business, irrespective of whether the Company operates at a profit or loss, the Company may pay their compensation. The chairperson's and directors' compensation shall be determined by the Compensation Committee according to their participation in the Company's operation, their contribution, and the general level of domestic peers, and be proposed to the board of directors for resolution.
- Chapter V Officers
- Article 24 The Company may appoint managerial officers, whose appointment, discharge, and remuneration shall be conducted in accordance with 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.
- Chapter VI Financial Statements
- Article 25 The Company's board of directors shall, at the end of each fiscal year, prepare the following documents, submit them to the Audit Committee for review 30 days prior to the shareholders' meeting, and submit them to the shareholders' meeting for ratification.
- I. Business report.
 - II. Financial statements.
 - III. Proposal for surplus earnings distribution or loss make-up proposal.

- Article 26 If there is a distributable balance for the Company's annual profit before tax and employees' and directors' remuneration after offsetting accumulated losses for the previous years, it shall be distributed as follows:
- I. Appropriate 3% to 15% as employees' remuneration.
 - II. Appropriate no more than 3% as directors' remuneration.
- The determination of ratio of employees' and directors' remuneration and distribution in the form of shares or in cash shall be adopted by resolution with a majority vote at a meeting of the board of directors attended by two thirds of the total number of directors, and it shall be reported to the shareholders' meeting.
- The employees entitled to receive employees' remuneration in accordance with the provisions of the preceding paragraph may include the employees of subsidiaries meeting certain specific requirements. Qualification requirements shall be determined by the board of directors.
- Article 26-1 If there is a profit after the annual closing of books, the Company shall allocate it in the following order:
- I. Pay due taxes.
 - II. Offset accumulated losses.
 - III. Set aside 10% as legal reserve; where such legal reserve amounts to the total paid-in capital, this provision shall not apply.
 - IV. Set aside or reverse the special reserve as required by the competent authority.
 - V. The remaining portion along with the beginning accumulated undistributed earnings shall be the distributable earnings. The board of directors shall submit a proposal for the distribution of shareholders' dividends to the shareholders for approval.
- In order to meet the needs of business expansion and development of industry, the future dividend policy shall depend on the Company's future capital expenditure according to the needs for funds. The earnings distribution may be made by way of cash dividend and/or stock dividend, provided however, the ratio for cash dividend shall not be less than 10% of total distribution.

Chapter VII Supplemental Provisions

- Article 27 If the Company wishes to enter into a share subscription right agreement with its employees at a price lower than the market price (net value per share), a special resolution at the shareholders meeting shall be adopted before the issuance by a majority of the shareholders present at a meeting attended by two thirds or more of the total number of shareholders of the Company.
- After the initial public offering, if the Company wishes to transfer shares to its employees at a price lower than the actual buyback price, a special resolution at the next shareholders' meeting shall be adopted before the transfer by a majority of the shareholders present at a meeting attended by two thirds or more of the total number of shareholders of the Company.
- Article 28 Matters not provided for in these Articles of Incorporation shall be handled in accordance with the Company Act and other laws and regulations.
- Article 29 The Articles of Incorporation were established on February 13, 1993.
 The first amendment was made on January 8, 2001.
 The second amendment was made on February 26, 2001.
 The third amendment was made on May 10, 2001.
 The fourth amendment was made on June 28, 2002.
 The fifth amendment was made on December 29, 2002.
 The sixth amendment was made on June 2, 2003.
 The seventh amendment was made on June 17, 2004.
 The eighth amendment was made on June 15, 2005.
 The ninth amendment was made on June 21, 2006.
 The tenth amendment was made on July 31, 2007.
 The eleventh amendment was made on December 11, 2007.
 The twelfth amendment was made on June 18, 2008.
 The thirteenth amendment was made on August 14, 2008.
 The fourteenth amendment was made on June 24, 2010.

The fifteenth amendment was made on June 21, 2012.
The sixteenth amendment was made on June 25, 2013.
The seventeenth amendment was made on June 25, 2015.
The eighteenth amendment was made on May 26, 2016.
The nineteenth amendment was made on March 12, 2019.
The twentieth amendment was made on June 18, 2020.
The twenty-first amendment was made on June 21, 2022.
The twenty-second amendment was made on June 20, 2023.

Castles Technology Co., Ltd.

Chairperson: Hua-Hsi Hsin

Rules of Procedure for Shareholders' Meetings

March 28, 2023

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
- Article 2 The rules of procedure for the Company's shareholders' meetings, except as otherwise provided by laws, regulations, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.
- Unless otherwise provided by the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company's virtual-only shareholders' meeting shall be specified in the Articles of Incorporation and approved by the board of directors, with a majority vote of a meeting of the board of directors attended by two thirds or more of all the directors.
- Changes to how the Company convenes its shareholders' meeting shall be resolved by the board of directors, and shall be made no later than the sending of the shareholders' meeting notice.
- The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the summary and explanatory materials relating to all proposals, including proposals for ratification, matters for discussion, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. If, however, the Company has a paid-in capital of NT\$10 billion or more as of the last day of the most recent fiscal year, or the total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the shareholders' roster of the shareholders' meeting held in the most recent fiscal year, these electronic files shall be transmitted before 30 days before the regular shareholders' meeting. 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting handbook and supplemental meeting materials and made them available for review by shareholders at

any time. The meeting handbook and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby. The Company shall make the meeting handbook and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manners on the date of the shareholders' meeting:

- (I) For physical shareholders' meetings, to be distributed on-site at the meeting.
- (II) For hybrid shareholders' meetings, to be distributed on-site at the meeting, and electronic files shall be shared on the virtual meeting platform.
- (III) For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

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

Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing the Company's status as a public company, approval for directors to engage in competition, distribution of surplus profit in the form of new shares, distribution of the reserve in the form of new shares, dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

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

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

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

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

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

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

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting. They shall deliver the proxy form to the Company before 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.

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

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

Article 5 The venue for the shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for the shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

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

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

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly

marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attending the shareholders' meeting in person.

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

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

The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials.

Where there is an election of directors, pre-printed ballots shall also be furnished.

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

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

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

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

(I) How shareholders attend the virtual meeting and exercise their rights.

(II) Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events, at least covering the following particulars:

1. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
2. Those shareholders who have not registered to attend the affected virtual shareholders' meeting may not attend the postponed or resumed session.
3. In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholders'

meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholders' meeting.

4. Actions to be taken if the outcomes of all proposals have been announced and extraordinary motions have not been carried out.

(III) To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending the virtual-only shareholders' meeting online shall be specified. Other than the situation illustrated in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall at least provide connection equipment and necessary assistance to shareholders, and the period for shareholders to submit applications to the Company and other matters for attention shall be specified.

Article 7 If the shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson is on leave or for any reason is unable to exercise the powers of the chairperson, the chairperson shall designate one of the directors to act on their behalf, or, if the chairperson does not make such a designation, the directors shall elect from among themselves an acting chair. When a director serves as the chair referred to in the preceding paragraph, the director shall be one who has held the position of director for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair. If the shareholders' meeting is convened by the board of directors, it is advisable that the chairperson chair the meeting, that a majority of the directors attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders' meeting minutes. If the shareholders' meeting is convened by a party with the power to convene other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. The Company may appoint its attorneys, certified public accountants, or relevant personnel to attend the shareholders' meeting in a non-voting capacity.

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

The recorded materials of the preceding paragraph shall be retained for at least one year. However, should a shareholder raise a litigious claim against the Company in accordance with Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

If the shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and make an uninterrupted audio and video recording of the proceedings of the virtual meeting from beginning to end.

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

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

Article 9

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

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting shares and the number of shares represented by shareholders attending the meeting.

When the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned on the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register with the Company in accordance with Article 6. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

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

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene other than the board of directors.

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

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

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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

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

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

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing on the virtual meeting platform from the

time the chair declares the meeting open until the chair declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question may contain no more than 200 words, and the regulations of paragraphs 1 to 5 do not apply. As long as questions raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public on the virtual meeting platform.

Article 12 Voting at the shareholders' meeting shall be calculated based the number of shares. With respect to resolutions of the shareholders' meeting, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

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

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

With the exception of trust enterprises or shareholder services agents approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

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

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

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

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

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

For the amendment or substitute of the same motion, the chair is to combine it with the original motion to determine the vote order. If one of the proposals has been passed, the other proposals are viewed as rejected and no more voting will be conducted.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, provided that all monitoring personnel shall be directors.

Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record shall be made of the vote.

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

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

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

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

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

All ballots used in the above election shall be sealed and signed by the ballot examiner, and held in proper custody for at least one year. However, should a shareholder raise a litigious claim against the Company in accordance with Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

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

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

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

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

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

Article 16 On the day of the shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through

solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. In the event of a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

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

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

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

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor". If the place of the shareholders' meeting has public address equipment, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from doing so.

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

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

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at the shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

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

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

Article 21 In the event of a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve technical communication issues. In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within 5 days, in which case Article 182 of the Company Act shall not apply.

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

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

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

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

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

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

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

Article 22 When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending the virtual shareholders' meeting online. Other than the situation illustrated in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall at least provide connection equipment and necessary assistance to shareholders, and the period for shareholders to submit applications to the Company and other matters for attention shall be specified.

Article 23 These Rules shall take effect after having been submitted to and approved by the shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix III

Castles Technology Co., Ltd.

Rules of Procedure for board of directors' Meetings

Article 1 (Basis for the adoption of these Rules)

These Rules are established in accordance with Article 2 of the Regulations Governing Procedure for board of directors Meetings of Public Companies, in order to build a sound board governance system, develop supervisory functions, and strengthen management mechanisms to be followed by the Company.

Article 2 (Scope of these Rules)

All issues relating to board of directors' meetings, such as the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with the Rules.

Article 3 (Convening and notice of board meetings)

The Company's board of directors shall meet quarterly.

A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be convened on shorter notice. The notice for board meetings may be sent by means of paper, e-mail, or fax to notify each director and supervisor.

All matters set out in the subparagraphs of Article 12, paragraph 1, shall be specified in the notice of the reasons for convening a board meeting; none of them may be raised by an extraordinary motion.

Article 4 (Meeting notification and meeting materials)

The designated unit responsible for the board meetings of the Company shall be the department of administration of shareholder services.

The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.

A director who thinks that the pre-meeting materials provided are insufficient may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 5 (Preparation of the attendance book and other documents and attendance by proxy)

When a board meeting is held, an attendance book shall be prepared for signing by directors attending the meeting and thereafter made available for future reference.

All directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the Company's Articles of Incorporation, appoint another director to attend as their proxy. Attendance via video conference is deemed as attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

A proxy under paragraph 2 may accept a proxy from one person only.

Article 6 (Principles for determining the time and place of the board meeting)

The Company's board meeting shall be held at the location and during the business hours of the Company, or at a time and place convenient to all directors and suitable for holding such a meeting.

Article 7 (Chair and acting chair of the board meeting)

If the board meeting is convened by the chairperson, the meeting shall be chaired by the chairperson. However, in the first meeting of each term of the board of directors, the chairperson shall be the convener who receives the most voting rights in the shareholders' meeting. If there are two or more conveners entitled to convene the meeting, one person shall be elected to chair the meeting.

Where a board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

When the chairperson is on leave or for any reason is unable to exercise the powers of the chairperson, the chairperson shall designate one of the directors to act on their behalf, or, if the chairperson does not make such a designation, the directors shall elect from among themselves an acting chair.

Article 8 (Reference materials, non-voting participants, and convening board meetings)

When a board meeting is held, the management (or the department of administration of shareholder services) shall furnish the attending directors with relevant materials for ready reference.

When holding a board meeting, the Company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as non-voting participants.

When necessary, the Company may also invite certificated public accounts, attorneys, or other professionals to attend as non-voting participants and make explanatory statements. However, they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If one half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures of Article 3, paragraph 2.

The term “all board directors” as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.

Article 9 (Documentation of the board meeting by audio or video)

The Company shall make audio or video recordings of the entire proceedings of the board meeting and preserve the recordings for at least five years, and the recordings may be stored in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period in the preceding paragraph, the relevant audio or video recording shall be retained until the conclusion of the litigation.

Where a virtual board of directors is held, the audio and visual materials of the meeting form a part of the meeting minutes and shall be properly preserved during the existence of the Company.

Article 10 (Agenda items)

Agenda items for regular board of directors’ meetings shall include at least the following:

I. Reports:

- (I) Minutes of the last meeting and actions that have been taken.
- (II) Reporting on important financial and business matters.
- (III) Reporting on internal audit activities.
- (IV) Other important matters to be reported.

II. Discussions:

- (I) Items discussed and continued from the last meeting.
- (II) Items to be discussed at the current meeting.

III. Extraordinary motions.

Article 11 (Discussion of proposals)

The board meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

If at any time during the proceeding of the board meeting the directors present at the meeting do not represent more than half of all the directors, then upon resolution of the directors present at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.

Article 12 (Matters requiring discussion at the board meeting)

The following matters shall be discussed at the Company's board meeting:

- I. The Company's business plan.
- II. Annual and semi-annual financial reports. This excludes semi-annual financial reports that do not need to be audited by a CPA according to law.
- III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the "Exchange Act") and evaluation of the effectiveness of the internal control system.
- IV. Adoption or amendment, pursuant to Article 36-1 of the Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- V. The offering, issuance, or private placement of any equity-type securities.
- VI. The appointment or discharge of a financial, accounting, or internal audit officer.
- VII. The salary and remuneration of directors, supervisors, and managerial officer suggested by Compensation Committee.
- VIII. A donation to a related party or a major donation to a non-related party. However, public interest donations for the emergency relief of major natural disasters may be ratified in the next board of directors.
- IX. Any matter required by Article 14-3 of the Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient,

at an amount of NT\$100 million or more, or at an amount equal to or greater than 1% of net operating revenue or 5% of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempt from inclusion in the calculation.

At least one independent director shall attend the board meeting in person. In case the meeting concerns any matter required to be submitted for resolution by the board of directors under paragraph 1, all independent directors shall attend in person; if an independent director is unable to attend in person, they shall appoint another independent director to attend as their proxy. An independent director who cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there are some legitimate reasons to do otherwise. The opinion shall be specified in the minutes of the board of directors meeting.

Article 13 (Voting [I])

When the chair at the board meeting is of the opinion that a matter has been sufficiently discussed and can be put to a vote, the chair may announce the discussion closed and put the matter to a vote.

When a proposal comes to a vote at the board meeting, if the chair puts the matter before all directors present at the meeting and none voice an objection, the matter shall be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at the board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

- I. A show of hands or a vote by voting machine.
- II. A roll call vote.
- III. A vote by ballot.
- IV. A vote by a method selected at the Company's discretion.

"All directors present at the board meeting" in the preceding two paragraphs does not include directors prohibited from exercising voting rights pursuant to Article 15, paragraph 1.

Article 14 (Voting [II] and methods for vote monitoring and counting)

Except as otherwise stated in the Exchange Act or in the Company Act, a resolution on a matter at the board meeting requires the approval of a majority of the directors present at the meeting that is attended by a majority of all directors.

For the amendment or substitute of the same motion, the chair is to combine it with the original motion to determine the vote order.

If one of the proposals has been passed, the other proposals are viewed as denied and no more voting will be conducted.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, provided that all monitoring personnel are directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 15 (Recusal system for directors)

If a director or a juristic person represented by the director is an interested party with respect to any proposal at the board meeting, the director shall state the important aspects of the interested party relationship at the meeting. If the relationship is likely to prejudice the interests of the Company, the director may not participate in the discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director may also not act as another director's proxy to exercise voting rights on the matter.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If a director is prohibited by the preceding two paragraphs from exercising voting rights, the provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 4 of that Act, apply to resolutions of the board meeting.

Article 16 (Meeting minutes and sign-in matters)

Minutes shall be prepared of the discussions at the board meeting. The meeting minutes shall record the following:

- I. Session (or year), time, and place of the meeting.
- II. Name of the meeting chair.
- III. Attendance of directors at the meeting, specifying the names and number of members present, on leave, and absent.
- IV. Names and titles of those attending the meeting.
- V. Name of the minutes taker.
- VI. Matters reported on.

VII. Discussions: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, paragraph 4.

VIII. Extraordinary motions: the name of the proposer; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and opinions expressing objections or reservations at the meeting that were included in records or stated in writing.

IX. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a board meeting shall be stated in the meeting minutes and published on the Market Observation Post System designated by Financial Supervisory Commission within two days of the meeting:

- I. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
- II. Salary and remuneration approved by the board meeting that exceeds the suggested amount proposed by the Compensation Committee.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of the Company.

The minutes of the board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

Article 17 (Principles with respect to the delegation of powers by the board)

Apart from matters referred to in Article 12, Paragraph 1, which are required to be

submitted for discussion by the board of directors, the board of directors authorizes the chairperson to exercise of its powers pursuant to laws or regulations or the Company's Articles of Incorporation when the board of directors is in recess. The substance of the authorization shall be clearly specified as follows:

- I. Approval of major contracts.
- II. Planning and review of the management decisions, business plans, and directions of future development of the Company.
- III. Review and establishment of the financial objectives of the Company.
- IV. Supervision of the operating results of the Company.
- V. Assessment, examination, supervision, and management of various risks faced by the Company.
- VI. Ensuring that the Company complies with relevant regulations.

Article 18 (Supplemental provisions)

These Rules shall be adopted by the approval of the board meeting and shall be reported to the shareholders' meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.

Appendix IV

Castles Technology Co., Ltd.

Procedures for Election of Directors

June 18, 2020

Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies.”

Article 2 Except as otherwise provided by laws, regulations or the Articles of Incorporation, the Company’s elections of directors shall be conducted in accordance with these Procedures.

Article 3 The overall composition of the Board shall be taken into consideration in the selection of the Company’s Directors. The composition of the Board shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

(I) Basic requirements and values: gender, age, nationality, and culture.

(II) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each Board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the Board as a whole are as follows:

(I) The ability to make judgments about operations.

(II) Accounting and financial analysis ability.

(III) Business management ability.

(IV) Crisis management ability.

(V) Knowledge of the industry.

(VI) An international market perspective.

(VII) Leadership ability.

(VIII) Decision-making ability.

More than half of the Directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other Director.

The Board of the Company shall consider adjusting its composition based on the results of the performance evaluation.

- Article 4 The qualifications of the Independent Directors of the Company shall comply with the requirements under Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”
The election of the Independent Directors of the Company shall comply with the requirements under Article 5, Article 6, Article 7, Article 8, and Article 9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and shall be conducted in accordance with Article 24 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.”
- Article 5 Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. When the number of Directors falls below five due to the dismissal of a Director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders’ meeting. When the number of Directors falls short by one-third of the total number prescribed in the Company’s Articles of Incorporation, the Company shall call an extraordinary shareholders’ meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
When the number of directors falls below the number prescribed in the Company’s Articles of Incorporation due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders’ meeting. When the independent directors are dismissed, a special shareholders’ meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- Article 6 The cumulative voting method shall be used for the election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected and may be cast for a single candidate or split among multiple candidates.
- Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders’ meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 8 The number of directors will be as specified in the Company’s Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 9 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The

ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10 In case a candidate is a shareholder, a voter shall fill in the candidate's account name and shareholder account number in the candidate column of the ballot. For a non-shareholder candidate, a voter shall fill in the candidate's name and ID card number. If the candidate is a government agency or a legal entity, the name of the government agency or the legal entity or the name of their representative should be filled in the column. When there are multiple representatives, the names of each individual representative shall be entered.

Article 11 A ballot is invalid under any of the following circumstances:

(I) The ballot was not prepared by the board of directors.

(II) A blank ballot is placed in the ballot box.

(III) The writing is unclear and indecipherable or has been altered.

(IV) The account name and shareholder account number of a shareholder candidate entered in the ballot do not conform with those given in the shareholder register; the name and ID card number of a non-shareholder candidate entered in the ballot do not match by a cross-check.

(V) Other words are entered in addition to the candidate's account name (name) or shareholder account number (ID card number) and the number of voting rights allotted.

(VI) The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or ID card number is provided in the ballot to identify such an individual.

Article 12 The voting rights shall be calculated on-site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

All ballots used in the above election shall be sealed and signed by the ballot examiner, and held in proper custody for at least one year. However, should a shareholder raise a litigious claim against the Company in accordance with Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 13 The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 14 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders' meeting.

Appendix V

Castles Technology Co., Ltd.

Shareholding of Directors

- I. The Company's paid-in capital is NT\$1,048,437,950 with 104,843,795 shares issued.
- II. According to Article 26 of the Securities and Exchange Act, the total shares held by the entire body of directors shall not be less than 8,000,000 shares. (Note)
- III. As of the book closure date (April 20, 2024) for the general shareholders' meeting, the shareholdings of individual directors and the entire body of directors in the shareholders' roster are presented in the table below:

Position	Account name	Number of shares held	Shareholding ratio
Chairperson	Hua-Hsi Hsin	3,682,333	3.51%
Directors	Hua Kang Investment Co., Ltd. Hung-Chun Lin	13,634,855	13.00%
Directors	Shih-Chin Chuang	-	-
Directors	Kun-Ming Lee	80,850	0.08%
Independent Director	Hsih-Sun Kung	-	-
Independent Director	Hsin-Kai Kung	-	-
Independent Director	Chun-Jen Chen	-	-
Total for all directors		17,398,038	16.59%

Note: According to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," where two or more independent directors are elected, the shareholding figures for all directors and supervisors other than the independent directors shall be decreased by 20 percent.