

Stock Code: 5258



CASTLES TECHNOLOGY. Co., LTD.

2025 Annual Shareholders' Meeting

Meeting Handbook

Meeting Date: June 17, 2025

**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.
2025 Annual Shareholders' Meeting Procedure

I. Call the Meeting to Order

II. Chair's Address

III. Report Items

IV. Proposed Resolutions

V. Discussion Items

VI. Extraordinary Motions

VII. Adjournment

Castles Technology Co., Ltd.

2025 Annual Shareholders' Meeting Agenda

Time: 10:00 a.m. on Tuesday, June 17, 2025

Location: 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) 2024 Business Report

(II) 2024 Audit Committee's Audit Report

(III) 2024 Employees' and Directors' Remuneration Report

IV. Proposed Resolutions

(I) 2024 Business Report and Financial Statements

(II) 2024 Earnings Distribution Proposal.

V. Discussion Items

(I) Amendment to some of the articles of the "Articles of Incorporation"

VI. Extraordinary Motions

VII. Adjournment

Report Items

I. 2024 Business Report

Explanation: Please refer to Attachment I on pages 7 to 9 of this handbook for the 2024 Business Report.

II. 2024 Audit Committee's Audit Report

Explanation: Please refer to Attachment II on page 10 of this handbook for the 2024 Audit Committee's Audit Report.

III. 2024 Employees' and Directors' Remuneration Report

Explanation: Please refer to Attachment III on page 11 of this handbook for 2024 Employees' and Directors' Remuneration.

Ratification Items

Proposal 1 (Proposed by the board of directors)

Summary: Proposal for adoption of the 2024 business report and financial statements, please ratify.

Explanation: I. The Company's 2024 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, which has determined them to be correct and accurate, and a Review Report has been issued.

II. Please refer to Attachment I on pages 7 to 9 of this handbook for the 2024 business report and Attachment IV on pages 12 to 32 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 2024 earnings distribution, please ratify.

Explanation: I. On March 11, 2025, the board of directors resolved the proposal for the 2024 earnings distribution to distribute a cash dividend of NT\$2.5 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 33, Attachment V of this handbook for the 2024 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 amendment to some of the articles of the “Articles of Incorporation”, please discuss.

Explanation: I. According to Article 14, Paragraph 6 of the Securities and Exchange Act and the Financial Supervisory Commission's letter No. 1130385442 issued on November 8, 2024, companies whose stocks are listed on the stock exchange must stipulate in their Articles of Incorporation the allocation of a certain percentage of annual earnings for adjusting salaries or distributing compensation to non-executive employees. This is in accordance with the provisions of Article 241, Paragraph 1 of the Company Act.

II. Please refer to Attachment VI on page 34 of this handbook for the Comparison Table of the "Articles of Incorporation" Before and After Revision.

Resolution:

Extraordinary Motions

Adjournment

Attachment I

Castles Technology Co., Ltd.

Business Report

I. Business Policy

Due to the ongoing consolidation among industry competitors, changes in market share have emerged. Castles Technology has gradually increased its market share across various regions. According to market research by the Nilson Report, the Castles brand has been steadily rising in shipment market share rankings in the United States and Europe. The Company's unattended self-service products have been adopted by well-known clients both domestically and internationally. With the Company's global sales channels and deployment capabilities, along with the application of EDGE AI and replacement demand driven by the phased shutdown of 2G and 3G services by telecom operators in various regions, new sales opportunities and revenue growth momentum are expected. The Company's main business strategies are as follows:

(I) Global Channel Deployment and Growth Drivers

In terms of revenue, the results of the Company's global deployment are already visible. Looking ahead, with the continued adoption of unattended self-service applications and the transition to Android-based terminals, more significant revenue growth is anticipated. Through mergers, acquisitions, and strategic partnerships, the Company aims to build global channels and increase market share, continue expanding its operational locations, strengthen regional service capabilities, and integrate hardware, software, and cloud services. The Company is committed to becoming a global POS Solution Provider.

(II) Cloud and Software Services:

In addition to hardware design and sales, cloud services and software development have also been areas of strategic focus in recent years. The Company aims to gradually increase the revenue share contributed by these services 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 clients 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. Implementation Overview

(I) International Market Expansion and Operational Deployment

The Company continues to uphold the strategy of steady operation and active expansion, and is committed to improving the global market deployment and overall operational scale. In addition to solidifying its existing client base, the Company is actively expanding its client portfolio by diversifying and scaling it

through mergers, acquisitions, and establishing subsidiaries, thereby enhancing overall competitiveness.

To deepen its presence in the European market, the Company has completed equity investments in two French enterprises LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE (LIEM) and LIEM IDF. The aforementioned investments not only strengthen the Company's localized service capabilities in Europe but also expand its operational footprint and channel network in the region.

Furthermore, to accelerate the Company's global market penetration, subsidiaries have been successively established in Brazil, Turkey, Australia, and Canada, thereby building a more efficient local operating structure and service network. These initiatives help increase regional market penetration, enhance localized service capabilities, and further expand market share.

The aforementioned investment projects and subsidiary establishments are part of the Company's medium- to long-term international market strategy. As the operational scale of these subsidiaries continues to grow, synergy effects are expected to materialize, contributing to improved overall operating margins and long-term profitability.

(II) Technological Advancement and Business Model Transformation

The Company has long focused on innovation in R&D and on strengthening its software customization capabilities, positioning both as core competitive advantages. Building on its existing product portfolio, the Company continues to advance in areas such as deepening channel development, enhancing software services, and integrating comprehensive solutions, actively promoting its transformation from a traditional equipment manufacturer into a one-stop solution provider.

To meet diverse client needs and improve global operational efficiency, the Company continues to introduce cloud-based services and optimize the operational models of its overseas repair centers, thereby improving service responsiveness and quality and reinforcing partnerships with global clients. This strategy not only supports growth in the proportion of revenue generated from software and services but also helps establish a stable and sticky business model, with the goal of creating long-term value in collaboration with clients.

III. Results of Business Plan Implementation:

For 2024, the Company reported net operating revenue of NT\$7,825,651 thousand, representing a 3% decrease compared to NT\$8,045,038 thousand in 2023. Net income after tax for 2024 was NT\$717,396 thousand, a decrease of approximately NT\$214,098 thousand compared to NT\$931,494 thousand in 2023.

IV. Execution of Operating Revenue and Expense Budget

(I) Operating income

In 2024, the Company's operating revenue items included electronic financial transaction terminals, personal financial application products, electronic cash registers, and peripheral devices, totaling NT\$7,825,651 thousand, representing a decrease of approximately NT\$219,387 thousand compared to NT\$8,045,038 thousand in 2023.

(II) Gross profit

Gross profit for 2024 amounted to NT\$ 2,594,898 thousand, an decrease of NT\$86,963 thousand compared with that for 2023 of NT\$2,681,861 thousand.

V. Profitability Analysis

The following is a report on the Company's operating performance for 2024, financial income and expenditure for 2023, and an analysis of profitability:

Unit: NTD thousands

Item	2024	2023	Increase (decrease)	Rate of increase (decrease)
Operating revenue	7,825,651	8,045,038	(219,387)	(2.73)
Gross profit	2,594,898	2,681,861	(86,963)	(3.24)
Operating profit	766,066	1,156,341	(390,275)	(33.75)
Non-operating income/expenses	232,741	67,165	165,576	246.52
Net income after tax	998,807	1,223,506	(224,699)	(18.37)
Earnings per share (NT\$; after tax)	6.35	8.24	(1.89)	(22.94)

VI. Research and Development

With the growing diversity of application demands for smart payment terminals, the Android platform has become the mainstream operating system for such devices due to its high flexibility in development and ease of integration with third-party applications. The Android hardware platform offers extensive functional support and a mature ecosystem, leading clients' expectations for terminals to move beyond card readers' traditional external design constraints, shifting toward more application-oriented designs and specification requirements.

In response to this trend, future product competitiveness will no longer be solely price-driven, but will instead focus on multiple aspects such as technological integration capabilities, supply chain flexibility, cloud service support, and software performance optimization. This transformation is expected to pose challenges for traditional terminal manufacturers. Those who are able to plan ahead and capture innovation trends will gain a first-mover advantage in upcoming product upgrades and replacement cycles.

In addition, the new PCI PTS 7.0 security standard is expected to be officially released in the second quarter of this year. Meanwhile, a large number of early-deployed devices in the market still operate under the PCI PTS 4.x and 5.x standards and are primarily based on traditional operating systems. With the rollout of the new standard, it is anticipated that financial institutions and acquirers will begin implementing terminal upgrade programs starting in the second half of this year, shifting to Android-based smart terminals that offer enhanced security and greater functional flexibility.

Regarding communication standards, as telecom operators worldwide continue to phase out 2G and 3G network services, the demand for terminal device upgrades is also beginning to emerge. Considering that product deployment cycles for clients often exceed 7 years, some clients have already begun planning replacement solutions that support 5G connectivity. Although 5G hardware remains relatively costly at present, the Company will continue to monitor changes in market demand and launch cost-effective products in a timely manner.

Market demand for unattended self-service applications in areas such as retail, transportation, parking, and ticketing continues to rise. As these services are not limited by business hours, they have become a key area of investment for clients. The Company is also closely monitoring the development trend of integrating EDGE AI application technologies, aiming to enhance the customer service experience and strengthen the competitiveness of its product differentiation.

In response to market price competition and the challenges of industry transformation, the Company has adopted a diversified strategy: On one hand, it continues to strengthen new product R&D and efficient integration capabilities; on the other, it is developing price-flexible solutions tailored to different market segments to meet the diverse application needs of global clients.

Responsible Person:
Hua-Hsi Hsin

Managerial Officer:
Hung-Chun Lin

Accounting Officer:
Mei-Yu Tu

Attachment II

Audit Committee's Audit Report

The board of directors prepared the Company's 2024 business report, the parent company only financial statements, the consolidated financial statements, and the proposal for earnings distribution. Of these, the parent company 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,

2025 Shareholders' Meeting of Castles Technology Co., Ltd.

Castles Technology Co., Ltd.

Convener of the Audit Committee: Hsi-Hsun Gong

March 11, 2025

Attachment III

Castles Technology Co., Ltd.

2024 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. For 2024, the Company's pre-tax profit is NT\$901,246,265. It is proposed to allocate NT\$67,320,545 for employee remuneration and NT\$5,433,205 for director remuneration, all of which will be distributed in 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

1. Independent Auditors' Report

Independent Auditors' Report

(114) Cai-Shen-Bao-Zi No. 24005216

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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 2024 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(9) 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(4) 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:

1. Understand the Company'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 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(5) 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 adopted 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.

Investment with the equity method

Description of key audit matters

Regarding the accounting policies for corporate mergers, please refer to Note 4 (26) of the parent-only financial statements. For the explanation of the allocation of the purchase price in acquisition transactions, please refer to Note 6 (25) of the parent-only financial statements.

In February 2024, Castles Technology Co., Ltd. acquired 100% of the shares of LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE (hereinafter referred to as LIEM) and LIEM IdF for NT\$278,286 (EUR 8,170 thousand). The allocation of the related purchase price was completed in the fourth quarter of 2024.

Due to the materiality of the purchase price and the intangible assets arising from this merger transaction, as well as the identification and allocation of the acquired company's identifiable assets and liabilities, which are based on management's assessment and involve subjective judgment, we have considered the allocation of the purchase price in this merger transaction as one of the key audit matters.

Responding audit procedures

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

1. Interviewing management to understand the basis, process, and accounting procedures applied by management in relation to the merger transaction.
2. Obtaining and reviewing contractual documents, board meeting minutes, and other relevant documentation related to the merger transaction.
3. Obtaining and reviewing the purchase price allocation report provided by the valuation expert appointed by management, including the identification of intangible assets, fair value measurement of identifiable intangible assets, and the calculation of goodwill. We

also engaged the valuation expert to assist in reviewing the recognition, value measurement, and calculation of these assets, as well as evaluating the reasonableness of the key assumptions used.

4. Reviewing the assets and liabilities of the acquired company as of the acquisition date and verifying the supporting documents for the payment of the acquisition price.

Responsibilities of Management and Those Charged with Governance for the 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 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 have also provided a statement to the governance body, confirming that the personnel of the auditor's firm, who are subject to independence regulations, have adhered to the relevant independence requirements set forth in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China. We have communicated with the governance body regarding any relationships and other matters that may be perceived as potentially affecting the auditor's independence, including any 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, 2024, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 11, 2025

Castles Technology Co., Ltd.
Parent-only Balance Sheet
December 31, 2024 and 2023

Unit: NTD thousand

Assets	Note	December 31, 2024		December 31, 2023		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 853,632	11	\$ 1,166,047	18
1136	Financial assets measured at amortized cost – current	6(1) and 8	110,084	2	-	-
1150	Notes receivable	6(4)	2,706	-	7,856	-
1170	Accounts receivable, net	6(4)	217,368	3	300,627	5
1180	Accounts receivable – related parties, net	6(4) and 7(2)	2,306,164	31	1,709,506	27
1200	Other receivables		17,677	-	15,794	-
130X	Inventories	6(5)	1,273,425	17	1,338,992	21
1410	Prepayments		108,980	2	55,128	1
11XX	Total Current Assets		<u>4,890,036</u>	<u>66</u>	<u>4,593,950</u>	<u>72</u>
Non-current assets						
1510	Financial assets at FVTPL – non-current	6(2)	39,926	-	27,876	-
1517	Financial assets at FVOCI – non-current	6(3)	9,465	-	-	-
1550	Investment with the equity method	6(6) and 7(2)	1,716,388	23	920,738	15
1600	Property, plant and equipment	6(7) and 8	376,602	5	390,299	6
1755	Right-of-use assets	6(8)	44,924	1	32,158	1
1780	Intangible assets		7,986	-	16,698	-
1840	Deferred income tax assets	6(23)	227,521	3	234,151	4
1920	Refundable deposit		9,778	-	8,949	-
1990	Other non-current assets – others	6(4)	134,103	2	137,227	2
15XX	Total Non-current Assets		<u>2,566,693</u>	<u>34</u>	<u>1,768,096</u>	<u>28</u>
1XXX	Total Assets		<u>\$ 7,456,729</u>	<u>100</u>	<u>\$ 6,362,046</u>	<u>100</u>

(Continued at the next page)

Castles Technology Co., Ltd.
Parent-only Statement of Comprehensive Income
January 1 to December 31, 2024 and 2023

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

	Liabilities and Equity	Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(9)	\$ 1,282,000	17	\$ 762,000	12
2130	Contract liabilities – current	6(17) and 7(2)	82,891	1	103,147	2
2150	Notes payable		1,233	-	100	-
2170	Accounts payable		1,130,943	15	986,136	16
2200	Other payables	6(10)	308,852	4	257,413	4
2220	Other payables – related parties	7(2)	-	-	143	-
2230	Income tax liabilities of the period		70,428	1	210,639	3
2280	Lease liabilities – current		18,786	1	10,022	-
2320	Long-term liabilities due in one year or one business cycle	6(11)	7,994	-	88,607	1
21XX	Total Current Liabilities		<u>2,903,127</u>	<u>39</u>	<u>2,418,207</u>	<u>38</u>
	Non-current liabilities					
2540	Long-term loans	6(11)	151,886	2	206,773	3
2570	Deferred income tax liabilities:	6(23)	18,125	-	6,547	-
2580	Lease liabilities – non-current		26,736	1	22,486	1
2670	Other non-current liabilities – others	6(12)	16,160	-	18,016	-
25XX	Total Non-current Liabilities		<u>212,907</u>	<u>3</u>	<u>253,822</u>	<u>4</u>
2XXX	Total Liabilities		<u>3,116,034</u>	<u>42</u>	<u>2,672,029</u>	<u>42</u>
	Equity					
	Share capital	6(13)				
3110	Share capital - common stock		1,103,649	15	1,048,438	17
3200	Capital surplus	6(14)	760,713	10	723,888	11
3310	Legal reserve		266,981	3	177,062	3
3350	Unappropriated retained earnings		2,173,559	29	1,743,705	27
	Other equity interests					
3400	Other equity interests		53,844	1	14,975	-
3500	Treasury shares	6(13)	(18,051)	-	(18,051)	-
3XXX	Total Equity		<u>4,340,695</u>	<u>58</u>	<u>3,690,017</u>	<u>58</u>
	Significant contingent liabilities and unrecognized contract commitments	IX.				
	Significant Events After Balance Sheet Date	XI.				
3X2X	Total Liabilities and Equity		<u>\$ 7,456,729</u>	<u>100</u>	<u>\$ 6,362,046</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-Yu Tu

Castles Technology Co., Ltd.
Parent-only Statement of Comprehensive Income
January 1 to December 31, 2024 and 2023

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

	Item	Note	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	6(16) and 7 (2)	\$ 5,740,147	100	\$ 6,365,380	100
5000	Operating costs	6(5)(21) and 7(2)	(4,813,082)	(84)	(4,957,455)	(78)
5900	Gross profit		927,065	16	1,407,925	22
5910	Unrealized income from sales		(67,172)	(1)	(51,423)	(1)
5920	Realized income from sales		51,423	1	28,980	1
5950	Gross operating profit, net		911,316	16	1,385,482	22
	Operating expenses	6(21) and 7 (2)				
6100	Selling expenses		(110,433)	(2)	(123,543)	(2)
6200	General and administrative expenses		(97,338)	(2)	(80,457)	(1)
6300	Research and development expenses		(484,625)	(8)	(414,532)	(7)
6450	Expected credit impairment loss	12(2)	(396)	-	(2,335)	-
6000	Total operating expenses		(692,792)	(12)	(620,867)	(10)
6900	Operating profit		218,524	4	764,615	12
	Non-operating income/expenses					
7100	Interest income	6(17)	22,808	-	13,647	-
7010	Other income	6(18) and 7 (2)	38,740	1	38,703	-
7020	Other gains and losses	6 (19)	154,585	3	4,267	-
7050	Finance cost	6(20)	(25,227)	(1)	(23,017)	-
7070	Shares of gain and loss from subsidiaries, associates, and joint venture recognized with the equity method	6(6)	419,062	7	295,262	5
7000	Total non-operating income and expenses		609,968	10	328,862	5
7900	Profit before income tax		828,492	14	1,093,477	17
7950	Income tax expenses	6(23)	(133,310)	(2)	(194,278)	(3)
8200	Profit for the year		\$ 695,182	12	\$ 899,199	14
	Other Comprehensive Income (Net)					
	Items Not Reclassified to Profit or Loss					
8311	Remeasurement of defined benefit programs	6(12)	\$ 1,893	-	(\$ 7)	-
8349	Income taxes related to the items not re-classified	6(23)	(379)	-	1	-
8310	Total of items not re-classified		1,514	-	(6)	-
	Items That May Be Reclassified Subsequently to Profit or Loss					
8361	Financial statements translation differences of foreign operations	6(6)	38,869	1	7,246	-
8360	Total of items that may be reclassified subsequently to profit or loss		38,869	1	7,246	-
8300	Other Comprehensive Income (Net)		\$ 40,383	1	\$ 7,240	-
8500	Total comprehensive income for the year		\$ 735,565	13	\$ 906,439	14
	Basic earnings per share	6(24)				
9750	Profit for the year		\$	6.35	\$	8.24
	Diluted earnings per share	6(24)				
9850	Profit for the year		\$	6.29	\$	8.17

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-Yu Tu

Castles Technology Co., Ltd.
Parent-only Statements of Changes in Equity
January 1 to December 31, 2024 and 2023
Unit: NTD thousand

Note	Capital surplus					Retained earnings			Other equity interests		Treasury shares	Total equity
	Share capital - common stock	Premium of issuance	Consolidated premium	Employee stock options	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising on translation of foreign operations	Exchange difference from translation of financial statements		
<u>2023</u>												
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 for 2022	6(15)											
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 remuneration to employees	6(13)	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	
<u>2024</u>												
Balance as of January 1, 2024		\$ 1,048,438	\$ 718,721	\$ 4,816	\$ 351	\$ 177,062	\$ -	\$ 1,743,705	\$ 14,975	(\$ 18,051)	\$ 3,690,017	
Profit for the year		-	-	-	-	-	-	695,182	-	-	695,182	
Total other comprehensive income for the period		-	-	-	-	-	-	1,514	38,869	-	40,383	
Total comprehensive income for the year		-	-	-	-	-	-	696,696	38,869	-	735,565	
Earning allocation and distribution for 2023	6(15)											
Provided for statutory reserves		-	-	-	-	89,919	-	(89,919)	-	-	-	
Cash dividends		-	-	-	-	-	-	(124,887)	-	-	(124,887)	
Share dividend		52,036	-	-	-	-	-	(52,036)	-	-	-	
Capital increase from remuneration to employees	to6(13)	3,175	36,825	-	-	-	-	-	-	-	40,000	
Balance as of December 31, 2024		\$ 1,103,649	\$ 755,546	\$ 4,816	\$ 351	\$ 266,981	\$ -	\$ 2,173,559	\$ 53,844	(\$ 18,051)	\$ 4,340,695	

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-Yu Tu

Castles Technology Co., Ltd.
Parent-only Statement of Cash Flows
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	Note	2024	2023
<u>Cash flow from operating activities</u>			
Profit before tax for the period		\$ 828,492	\$ 1,093,477
Adjustments			
Income/expenses items			
Depreciation expense of property, plant and equipment	6(21)	48,643	30,593
Amortized expenses of the right-of-use assets	6(21)	17,149	11,048
Amortization expenses of intangible assets	6(21)	8,712	8,712
Amortization of other non-current assets	6(21)	7,694	5,397
Expected credit (loss) profit	12(2)	396	2,335
Financial assets at FVTPL – net loss (income)	6 (19)	(12,050)	(11,303)
Interest expense	6(20)	25,227	23,017
Interest income	6(17)	(22,808)	(13,647)
Dividend income	6(18)	(26,600)	(21,650)
Shares of gain from subsidiary recognized with the equity method	6(6)	(419,062)	(295,262)
Gain on lease modification	6 (19)	(12)	-
Impairment loss of investment with the equity method	6 (19)	-	9,535
Unrealized income from sales	6(6)	67,172	51,423
Realized income from sales	6(6)	(51,423)	(28,980)
Changes in operating assets and liabilities			
Net changes in assets related to operating activities			
Notes receivable		5,150	(302)
Accounts receivable, net		82,863	20,851
Accounts receivable -- related parties		(692,276)	109,250
Other receivables		(1,883)	26,631
Inventories		65,567	458,488
Prepayments		(56,297)	(32,687)
Other non-current assets		(122)	(44,084)
Net changes in liabilities related to operating activities			
Contract liabilities – current		(20,256)	37,040
Notes payable		1,133	100
Accounts payable		144,807	(554,218)
Other payables		91,668	87,270
Other payables – related parties		(143)	(60,627)
Net defined benefit liabilities		37	171
Cash inflow from operations		91,778	912,578
Interest received		22,808	13,647
Dividend received		26,600	21,650
Interest paid		(25,456)	(23,028)
Income tax paid		(255,692)	(109,082)
Net cash (outflow) inflow from operating activities		(139,962)	815,765

(Continued at the next page)

Castles Technology Co., Ltd.
Parent-only Statement of Cash Flows
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	Note	2024	2023
<u>Cash flow from investing activities</u>			
Financial assets measured at amortized cost (increased) decreased		(\$ 110,084)	\$ 8,753
Financial assets at FVOCI – non-current	6(3)	(9,465)	-
Investment acquired under the equity method – Establishment of subsidiary		(50,188)	-
Investment acquired under the equity method – Acquisition of subsidiary		(278,286)	-
Cash dividends received from subsidiaries accounted for using the equity method	6(6)	70,624	25,233
Acquisition of property, plant and equipment	6(7)	(30,789)	(128,334)
Refundable deposit (increase)		(2,221)	(3,217)
Refundable deposit decrease		1,392	237
Prepayment of equipment (increase)		(6,160)	(4,327)
Net cash outflow from investing activities		(415,177)	(101,655)
<u>Cash flow from financing activities</u>			
Proceeds from short-term borrowings	6(26)	7,195,898	3,880,832
Repayment of short-term borrowings	6(26)	(6,675,898)	(3,786,832)
Proceeds from long-term debt	6(26)	159,880	-
Repayment of long-term debt	6(26)	(295,380)	(50,532)
Payment of cash dividends	6(15)	(124,887)	(79,017)
Repayment of principal for lease liabilities	6(26)	(16,889)	(10,894)
Net cash inflow (outflow) from investing activities		242,724	(46,443)
Increase (Decrease) in cash and cash equivalents for the period		(312,415)	667,667
Cash and cash equivalents at beginning of year		1,166,047	498,380
Cash and cash equivalents at end of year		\$ 853,632	\$ 1,166,047

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-Yu Tu

Castles Technology Co., Ltd. and Its Subsidiaries

Declaration for Consolidated Financial Statements of Affiliated Enterprises

For the year of 2024 (from January 1, 2024 to December 31, 2024), 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.

We hereby declare

Name of Company: Castles Technology Co., Ltd.

Person in Charge: Hua-Hsi Hsin

March 11, 2025

Independent Auditors' Report

(114) Cai-Shen-Bao-Zi No. 24005217

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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 2024 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(10) 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(4) 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(13) 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(5) 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:

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.

Assessment of the reasonableness of the allocation of the purchase price of the M&A transaction

Description of key audit matters

For the accounting policies related to the corporate merger, please refer to note 4(28) of the consolidated financial statements; for the details of the price allocation of the M&A transactions, please refer to note 6(25) of the consolidated financial statements.

In February 2024, Castles Technology Group acquired 100% of the shares of LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE (hereinafter referred to as LIEM) and LIEM IdF for NT\$278,286 (EUR 8,170 thousand). The allocation of the related purchase price was completed in the fourth quarter of 2024.

Due to the materiality of the purchase price and the intangible assets arising from this merger transaction, as well as the identification and allocation of the acquired company's identifiable assets and liabilities, which are based on management's assessment and involve subjective judgment, we have considered the allocation of the purchase price in this merger transaction as one of the key audit matters.

Responding audit procedures

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

1. Interviewing management to understand the basis, process, and accounting procedures applied by management in relation to the merger transaction.
2. Obtaining and reviewing contractual documents, board meeting minutes, and other relevant documentation related to the merger transaction.

3. Obtaining and reviewing the purchase price allocation report provided by the valuation expert appointed by management, including the identification of intangible assets, fair value measurement of identifiable intangible assets, and the calculation of goodwill. We also engaged the valuation expert to assist in reviewing the recognition, value measurement, and calculation of these assets, as well as evaluating the reasonableness of the key assumptions used.
4. Reviewing the assets and liabilities of the acquired company as of the acquisition date and verifying the supporting documents for the payment of the acquisition price.

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, 2024 and 2023, 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:

1. 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.
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 Group'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 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.
5. 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.
6. 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, 2024, 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 11, 2025

Castles Technology Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheet

December 31, 2024 and 2023

Unit: NTD thousand

Assets	Note	December 31, 2024		December 31, 2023		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,688,336	20	\$ 1,886,670	27
1136	Financial assets measured at amortized cost – current	6(1) and 8	285,185	4	126,582	2
1150	Notes receivable	6(4)	2,706	-	7,856	-
1170	Accounts receivable, net	6(4)	2,521,429	30	1,953,243	28
1200	Other receivables		31,068	1	53,065	1
1220	Income tax assets of the period		19,191	-	11,635	-
130X	Inventories	6(5)	2,275,269	27	1,841,585	26
1410	Prepayments		173,031	2	87,008	1
11XX	Total Current Assets		<u>6,996,215</u>	<u>84</u>	<u>5,967,644</u>	<u>85</u>
Non-current assets						
1510	Financial assets at FVTPL – non-current	6(2)	41,754	1	29,583	-
1517	Financial assets at FVOCI – non-current	6(3)	9,465	-	-	-
1535	Financial assets measured at amortized cost – non-current	6(1) and 8	2,412	-	3,170	-
1600	Property, plant and equipment	6(6) and 8	432,858	5	432,103	6
1755	Right-of-use assets	6(7)	164,021	2	118,601	2
1780	Intangible assets	6(8)	285,537	3	33,174	1
1840	Deferred income tax assets	6(23)	258,049	3	253,750	4
1920	Refundable deposit		21,059	-	14,154	-
1990	Other non-current assets – others	6(4)	134,204	2	137,434	2
15XX	Total Non-current Assets		<u>1,349,359</u>	<u>16</u>	<u>1,021,969</u>	<u>15</u>
1XXX	Total Assets		<u>\$ 8,345,574</u>	<u>100</u>	<u>\$ 6,989,613</u>	<u>100</u>

(Continued at the next page)

Castles Technology Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheet

December 31, 2024 and 2023

Unit: NTD thousand

Liabilities and Equity	Note	December 31, 2024		December 31, 2023		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term loans	6(9)	\$ 1,282,000	15	\$ 762,000	11
2130	Contract liabilities – current	6(16)	91,177	1	101,481	1
2150	Notes payable		1,233	-	100	-
2170	Accounts payable		1,270,192	15	1,083,649	16
2200	Other payables	6(10)	576,745	7	468,320	7
2230	Income tax liabilities of the period		127,502	2	262,052	4
2250	Liability reserves – current		74,184	1	18,216	-
2280	Lease liabilities – current		43,333	1	27,195	-
2320	Long-term liabilities due in one year or one business cycle	6(11)	7,994	-	88,607	1
2399	Other current liabilities – others		5,307	-	3,666	-
21XX	Total Current Liabilities		<u>3,479,667</u>	<u>42</u>	<u>2,815,286</u>	<u>40</u>
Non-current liabilities						
2540	Long-term loans	6(11)	151,886	2	206,773	3
2550	Liability reserves – non-current		389	-	828	-
2570	Deferred income tax liabilities:	6(23)	82,643	1	26,146	-
2580	Lease liabilities – non-current		127,230	1	96,319	2
2645	Deposits received		1,535	-	576	-
2670	Other non-current liabilities – others	6(12)	16,160	-	18,094	-
25XX	Total Non-current Liabilities		<u>379,843</u>	<u>4</u>	<u>348,736</u>	<u>5</u>
2XXX	Total Liabilities		<u>3,859,510</u>	<u>46</u>	<u>3,164,022</u>	<u>45</u>
Equity attributable to shareholders of the parent company						
	Share capital	6(13)				
3110	Share capital - common stock		1,103,649	13	1,048,438	15
	Capital surplus	6(14)				
3200	Capital surplus		760,713	9	723,888	10
	Retained earnings	6(15)				
3310	Legal reserve		266,981	3	177,062	3
3350	Unappropriated retained earnings		2,173,559	26	1,743,705	25
	Other equity interests					
3400	Other equity interests		53,844	1	14,975	-
3500	Treasury shares	6(13)	(18,051)	-	(18,051)	-
31XX	Total Equity Attributable To Owners Of The Parent Company		<u>4,340,695</u>	<u>52</u>	<u>3,690,017</u>	<u>53</u>
36XX	Non-controlling interest		<u>145,369</u>	<u>2</u>	<u>135,574</u>	<u>2</u>
3XXX	Total Equity		<u>4,486,064</u>	<u>54</u>	<u>3,825,591</u>	<u>55</u>
	Significant contingent liabilities and unrecognized contract commitments	IX.				
	Significant Events After Balance Sheet Date	XI.				
3X2X	Total Liabilities and Equity		<u>\$ 8,345,574</u>	<u>100</u>	<u>\$ 6,989,613</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-Yu Tu

Castles Technology Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheet

December 31, 2024 and 2023

Unit: NTD thousand

	Item	Note	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	6(16)	\$ 7,825,651	100	\$ 8,045,038	100
5000	Operating costs	6(5)(21)	(5,230,753)	(67)	(5,363,177)	(67)
5950	Gross operating profit, net		2,594,898	33	2,681,861	33
	Operating expenses	6(21)				
6100	Selling expenses		(520,877)	(7)	(464,762)	(6)
6200	General and administrative expenses		(518,301)	(7)	(396,509)	(5)
6300	Research and development expenses		(825,999)	(10)	(632,687)	(8)
6450	Expected credit impairment gains (losses)	12(2)	36,345	1	(31,562)	-
6000	Total operating expenses		(1,828,832)	(23)	(1,525,520)	(19)
6900	Operating profit		766,066	10	1,156,341	14
	Non-operating income/expenses					
7100	Interest income	6(17)	44,416	1	23,884	-
7010	Other income	6(18)	40,292	-	39,883	1
7020	Other gains and losses	6(19)	179,011	2	30,007	-
7050	Finance cost	6(20)	(30,978)	-	(26,609)	-
7000	Total non-operating income and expenses		232,741	3	67,165	1
7900	Profit before income tax		998,807	13	1,223,506	15
7950	Income tax expenses	6(23)	(281,411)	(4)	(292,012)	(3)
8200	Profit for the year		\$ 717,396	9	\$ 931,494	12
	Other Comprehensive Income (Net)					
8311	Remeasurement of defined benefit programs	6(12)	\$ 1,893	-	(7)	-
8349	Income taxes related to the items not re-classified	6(23)	(379)	-	1	-
8310	Total of items not re-classified		1,514	-	(6)	-
	Items That May Be Reclassified Subsequently to Profit or Loss					
8361	Financial statements translation differences of foreign operations		48,491	1	5,856	-
8360	Total of items that may be reclassified subsequently to profit or loss		48,491	1	5,856	-
8300	Other Comprehensive Income (Net)		\$ 50,005	1	\$ 5,850	-
8500	Total comprehensive income for the year		\$ 767,401	10	\$ 937,344	12
	Net profit (loss) attributable to:					
8610	Owners of the parent		\$ 695,182	9	\$ 899,199	11
8620	Non-controlling interest		22,214	-	32,295	1
	Current net profit (loss)		\$ 717,396	9	\$ 931,494	12
	Total comprehensive income attributable to:					
8710	Owners of the parent		\$ 735,565	10	\$ 906,439	12
8720	Non-controlling interest		31,836	-	30,905	-
	Total comprehensive income for the period		\$ 767,401	10	\$ 937,344	12
	Basic earnings per share	6(24)				
9750	Profit for the year		\$	6.35	\$	8.24
9850	Diluted earnings per share	6(24)	\$	6.29	\$	8.17

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-Yu Tu

Castles Technology Co., Ltd. and Its Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	Note	Equity attributable to shareholders of the parent company					Other equity interests		Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising on translation of foreign operations	Exchange difference from translation of financial statements			
<u>2023</u>											
Balance on January 1, 2023		\$ 995,426	\$ 694,514	\$ 100,954	\$ 29,110	\$ 1,019,913	\$ 7,729	(\$ 18,051)	\$ 2,829,595	\$ 125,406	\$ 2,955,001
Profit for the year		-	-	-	-	899,199	-	-	899,199	32,295	931,494
Total other comprehensive income for the period		-	-	-	-	(6)	7,246	-	7,240	(1,390)	5,850
Total comprehensive income for the period		-	-	-	-	899,193	7,246	-	906,439	30,905	937,344
Earning provision and appropriate for 2022	6(15)										
Provided for statutory reserves		-	-	76,108	-	(76,108)	-	-	-	-	-
Special reserve allocation		-	-	-	(29,110)	29,110	-	-	-	-	-
Cash dividends		-	-	-	-	(79,017)	-	-	(79,017)	-	(79,017)
Share dividend		49,386	-	-	-	(49,386)	-	-	-	-	-
Capital increase from remuneration to employees	6(13)	3,626	29,374	-	-	-	-	-	33,000	-	33,000
Dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	(20,737)	(20,737)
Balance on December 31, 2023		\$ 1,048,438	\$ 723,888	\$ 177,062	\$ -	\$ 1,743,705	\$ 14,975	(\$ 18,051)	\$ 3,690,017	\$ 135,574	\$ 3,825,591
<u>2024</u>											
Balance as of January 1, 2024		\$ 1,048,438	\$ 723,888	\$ 177,062	\$ -	\$ 1,743,705	\$ 14,975	(\$ 18,051)	\$ 3,690,017	\$ 135,574	\$ 3,825,591
Profit for the year		-	-	-	-	695,182	-	-	695,182	22,214	717,396
Total other comprehensive income for the period		-	-	-	-	1,514	38,869	-	40,383	9,622	50,005
Total comprehensive income for the period		-	-	-	-	696,696	38,869	-	735,565	31,836	767,401
Earning allocation and distribution for 2023	6(15)										
Provided for statutory reserves		-	-	89,919	-	(89,919)	-	-	-	-	-
Cash dividends		-	-	-	-	(124,887)	-	-	(124,887)	-	(124,887)
Share dividend		52,036	-	-	-	(52,036)	-	-	-	-	-
Capital increase from remuneration to employees	6(13)	3,175	36,825	-	-	-	-	-	40,000	-	40,000
Dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	(22,041)	(22,041)
Balance as of December 31, 2024		\$ 1,103,649	\$ 760,713	\$ 266,981	\$ -	\$ 2,173,559	\$ 53,844	(\$ 18,051)	\$ 4,340,695	\$ 145,369	\$ 4,486,064

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-Yu Tu

Castles Technology Co., Ltd. and Its Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	Note	2024	2023
<u>Cash flow from operating activities</u>			
Profit before tax for the period		\$ 998,807	\$ 1,223,506
Adjustments			
Income/expenses items			
Depreciation expense of property, plant and equipment	6(21)	80,239	58,173
Amortized expenses of the right-of-use assets	6(21)	46,308	32,543
Amortization expenses of intangible assets	6(21)	24,645	24,745
Amortization expenses of other non-current assets	6(21)	7,808	7,110
Expected credit impairment (incomes) losses	12(2)	(36,345)	31,562
Goodwill impairment losses	6 (19)	-	9,535
Interest expense	6(20)	30,978	26,609
Interest income	6(17)	(44,416)	(23,884)
Dividend income	6(18)	(26,600)	(21,650)
Loss (income) from disposal of property, plant and equipment	6 (19)	(5,312)	174
Loss (gains) on lease modification	6 (19)	(1,417)	-
Financial assets at FVTPL – net loss (income)	6 (19)	(12,050)	(11,303)
Changes in operating assets and liabilities			
Net changes in assets related to operating activities			
Notes receivable		5,150	(302)
Accounts receivable, net		(496,233)	(12,160)
Other receivables		34,101	(5,846)
Inventories		(459,943)	431,258
Prepayments		(84,638)	(24,578)
Other non-current assets		(131)	(47,222)
Net changes in liabilities related to operating activities			
Contract liabilities – current		(10,304)	24,923
Notes payable		1,133	100
Accounts payable		178,950	(522,845)
Other payables		69,145	122,975
Liability reserve		55,529	7,312
Other current liabilities		1,641	(7,108)
Net defined benefit liabilities		37	171
Other non-current liabilities – others		(78)	78
Cash inflow from operations		357,004	1,323,876
Interest received		43,890	22,048
Dividend received		26,600	21,650
Interest paid		(31,206)	(26,620)
Income tax paid		(407,643)	(195,458)
Net cash (outflow) inflow from operating activities		(11,355)	1,145,496

(Continued at the next page)

Castles Technology Co., Ltd. and Its Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	<u>Note</u>	<u>2024</u>	<u>2023</u>
<u>Cash flow from investing activities</u>			
Financial assets measured at amortized cost (increased) decreased		(\$ 157,845)	(\$ 43,131)
Financial assets at FVOCI – non-current	6(3)	(9,465)	-
Acquisition of property, plant and equipment	6(6)	(46,139)	(137,279)
Disposal of property, plant and equipment		13,859	13
Refundable deposit (increase)		(15,223)	(6,055)
Refundable deposit decrease		10,589	2,359
Acquisition of intangible assets		(442)	(3,122)
Prepayment of equipment (increase)		(6,159)	(1,611)
Acquisition of subsidiaries (less the cash received)	6(25)	(220,253)	-
Net cash outflow from investing activities		(431,078)	(188,826)
<u>Cash flow from financing activities</u>			
Proceeds from short-term borrowings	6(26)	7,195,898	3,880,832
Repayment of short-term borrowings	6(26)	(6,675,898)	(3,786,832)
Proceeds from long-term debt	6(26)	159,880	-
Repayment of long-term debt	6(26)	(295,380)	(50,532)
Increase in deposits received	6(26)	973	-
Guarantee deposits (decrease)	6(26)	(42)	-
Repayment of principal for lease liabilities	6(26)	(43,499)	(30,559)
Dividends distributed by subsidiaries		(22,041)	(20,737)
Payment of cash dividends	6(15)	(124,887)	(79,017)
Net cash inflow (outflow) from financing activities		195,004	(86,845)
Effects of changes in foreign exchange rates		49,095	6,611
Increase (Decrease) in cash and cash equivalents for the period		(198,334)	876,436
Cash and cash equivalents at beginning of year		1,886,670	1,010,234
Cash and cash equivalents at end of year		\$ 1,688,336	\$ 1,886,670

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-Yu Tu

Castles Technology Co., Ltd.

2024 Earnings Distribution Table

Unit: In New
Taiwan Dollars

Item	Amount	Explanation
Beginning unappropriated retained earnings	1,476,862,325	(1)
Adjustment to retained earnings	1,514,306	(2)
Add: Net income after tax for 2024	<u>695,182,324</u>	
Unappropriated retained earnings after adjustment	2,173,558,955	
Less: Appropriation of 10% for legal reserve	(69,669,663)	
Add: Reversal of special reserve	-	
Total earnings available for distribution in the current period	2,103,889,292	
Distribution items:		
Shareholders' dividends- cash (NT\$2.5 per share)	<u>(275,912,235)</u>	(3)
Ending unappropriated retained earnings	<u>1,827,977,057</u>	

Chairperson:
Hua-Hsi Hsin

Managerial Officer:
Hung-Chun Lin

Accounting Officer:
Mei-Yu Tu

Explanation:

(1) These are the retained earnings after the 2023 earnings distribution approved by the shareholders' meeting in 2024.

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

(3) The earnings for 2024 shall be subject to priority distribution.

Castles Technology Co., Ltd.

Comparison Table of the “Articles of Incorporation” Before and After Revision

Article	Article before revision	Article after revision	Explanation for revision
Article 26	<p>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:</p> <p>I. Appropriate 3% to 15% as employees’ remuneration.</p> <p>II. Appropriate no more than 3% as directors’ remuneration.</p> <p>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.</p> <p>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.</p>	<p>If the Company <u>generates profits during the year (where "profits" refers to pre-tax income after the deduction of employee and director remuneration), it should allocate 3% to 15% of the profits for employee remuneration and no more than 3% for director remuneration. However, if the Company has accumulated losses, a reserve amount must be set aside to offset these losses in advance.</u></p> <p>Of the employee compensation mentioned above, <u>at least 5% should be allocated to non-executive employees. Employee remuneration may be distributed in the form of stock or cash, and eligible recipients</u> may include employees of subsidiaries who meet certain conditions. The specific conditions and method of distribution will be authorized by the Board of Directors.</p> <p><u>The preceding two paragraphs shall be implemented by resolution of the Board of Directors, and shall be reported to the shareholders' meeting.</u></p>	<p>In accordance with Article 14 of the Securities and Exchange Act and the Financial Supervisory Commission's order No. 1130385442 issued on November 8, 2024.</p>
Article 26-1	<p>If there is a profit after the annual closing of books, the Company shall allocate it in the following order:</p> <p>(Omitted)</p> <p>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.</p>	<p>If there is a profit after the annual closing of books, the Company shall allocate it in the following order:</p> <p>(Omitted)</p> <p>V. The remaining portion, along with the accumulated undistributed earnings at the beginning of the same period, shall be regarded as the distributable earnings. If the distribution is to be made in the form of newly issued shares, the proposal must be submitted to the shareholders' meeting for approval. <u>In accordance with Article</u></p>	<p>Amended in accordance with current operational procedures.</p>

Article	Article before revision	Article after revision	Explanation for revision
		<p><u>240, Paragraph 5 of the Company Act, the Board of Directors is authorized to distribute dividends and bonuses, or the entire or part of the legal reserve and capital surplus as specified in Article 241, Paragraph 1 of the Company Act, in cash, by a resolution passed by the presence of at least two-thirds of the directors and the majority of the directors present. This resolution shall then be reported to the shareholders' meeting. However, the percentage of distribution of earnings and the percentage of cash dividends to shareholders may be adjusted according to the actual profit and capital status of the year, and the resolution of the shareholders' meeting.</u></p>	
Article 29	<p>The Articles of Incorporation were established on February 13, 1993. The first amendment was made on January 8, 2001. (Omitted) The twenty-second amendment was made on June 20, 2023.</p>	<p>The Articles of Incorporation were established on February 13, 1993. The first amendment was made on January 8, 2001. (Omitted) The twenty-second amendment was made on June 20, 2023. <u>The twenty-third amendment was made on June 17, 2025.</u></p>	<p>The date and number of amendment were added.</p>

Appendix I

Castles Technology Co., Ltd.

Articles of Incorporation

Chapter 1. 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 headquarters 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 2 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, as 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 3 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.

The meetings shall be convened in accordance with the law, and the extraordinary meetings shall be convened in accordance with the law when 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.

The notice of the meeting's agenda shall be sent to each shareholder and announced. It 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
Article 12 or other methods promulgated by the Ministry of Economic Affairs.

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 4 Board of 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 the Company's board meetings may be sent by means of paper, email, 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 5 Managers
- 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 6 Financial Reports

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 the 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 or stock dividend, provided that the ratio for cash dividend shall not be less than 10% of the total distribution.

Chapter 7 Supplementary 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

Appendix II

Castles Technology Co., Ltd. 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 laws or regulations, 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 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. Shareholding of Directors

- I. The Company's paid-in capital is NT\$11,103,648,940 with 110,364,894 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 19, 2025) 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:

Title	Account Name	Number of shares held	Shareholding ratio
Chairperson	Hua-Hsi Hsin	3,941,909	3.57%
Directors	Hua Kan Investment Co., Ltd. , Hung-Chun Lin	14,316,597	12.97%
Directors	Wen-Jeh Fong	214,216	0.19%
Directors	Chia-Hua Huang	53,750	0.05%
Independent Director	Hsi-Hsun Gong	-	-
Independent Director	Hsin-Kai Kung	-	-
Independent Director	Jiunn-Jen Chen	-	-
Total for all directors		18,526,472	16.78%

Note: According to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," where more than two independent directors are elected, the shareholding ratio of all directors and supervisors, excluding independent directors, shall be reduced to 80% based on the proportion.