



Stock Code : 6674

Compal Broadband Networks, Inc.

2024 Annual Report

Printed on June 5, 2025

Website to inquire about the annual report

<http://mops.twse.com.tw>

<http://www.icbn.com.tw>

I. Spokesperson

Spokesperson: Ho, Chen-Yu/ Director, Finance, Accounting, and Shareholder Service Department
Deputy Spokesperson: Wang, Yu-Ho/ President
Tel: (03)5600066 # 2503
Email: Investor@compalbn.com

II. Address and telephone number of the Company

Headquarter: 13-1F, No. 1, Taiyuan 1st Street, Chubei City, Hsinchu County
Tel: (03)5600066
Plant: none
Tel: none

III. Agency handling shares transfer

Name: Agency Department, CTBC
Address: 5F, No. 83, Chongqing S. Rd., Sec. 1, Zhongzheng District, Taipei City
Tel: (02) 6636-5566
Website: <https://www.ctcbcbank.com>

IV. CPAs duly audited the annual financial report for the most recent fiscal year

Names of CPAs: Chien, Szu-Chuan; Au, Yiu-Kwan
Name of accounting firm: KPMG Taiwan
Address: 68F, No. 7, Xinyi Rd., Sec. 5, Xinyi District, Taipei City
Tel: (02)8101-6666
Website: <https://home.kpmg.com/tw>

V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities

None

VI The Company's website

<http://www.icbn.com.tw>

	<u>Page</u>
Table of contents	
Letter to Shareholders.....	1
Corporate Governance Report	4
I 、 Information on directors, supervisors, the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches	4
II 、 Remuneration paid to directors, supervisors, the President, and Vice Presidents in the most recent year	12
III 、 Operations of corporate governance	15
IV 、 Information on the Company's audit fees.....	38
V 、 Replacement of CPAs	39
VI 、 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed : None.....	40
VII 、 The changes in the transfer or pledge of equity shares by directors, supervisors, managers, or shareholders holding more than 10% of the shares issued by the Company in the most recent year and up to the publication date of this annual report.....	40
VIII 、 Information about the top ten shareholders with shareholding ratio, and their relationship with each other or their spouses or relatives within the second degree of kinship	42
IX 、 The total number of shares held and the consolidated shareholdings in any single investee by the Company, its directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company.....	42
Fundraising.....	43
I 、 Capital and shares	43
II 、 Issuance of corporate bonds: none.....	47
III 、 Issuance of preference shares: none.	47
IV 、 Issuance of depository receipts: none.	47
V 、 Issuance of employee subscription warrants: none.	47
VI 、 Issuance of new restricted employee shares:.....	48
VII 、 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: none.....	50

VIII、Implementation of the capital allocation plans: none.....	50
Overview of operations.....	51
I、Information on business.....	51
II、Overview of market, production, and sales.....	55
III、The number, average years of service, average age, and distribution of education attainment of in-service employees during the most recent two years	59
IV、Disbursements for environmental protection	59
V、Labor relations	59
VI、Cyber security management.....	62
VII、Important contracts	62
Financial Position and Financial Performance Review Analysis and Risk Management.....	64
I、Financial position	64
II、Financial performance.....	65
III、Cash flows (consolidated).....	66
IV、Influence of major capital expenditures on finance and business in the most recent year	66
V、Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year.....	66
VI、Risks.....	67
VII、Other important matters: none	73
Special items to be included	74
I、Information related to the company's affiliates.....	74
II、Private placement of securities in the most recent year up to the publication date of this annual report: none	74
III、Other necessary supplementary information: none.....	74
IV、Any event as specified in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders' rights and interest or securities prices occurred to the Company during the most recent year and up to the publication date of this annual report: none.....	74

Letter to Shareholders

I. 2024 business results

(I) Results of the business plans implemented.

In 2024, global manufacturing remained stable while the service sector expanded. Commodity prices, including oil, declined, easing inflation and supporting modest global economic growth. However, following Donald Trump's election as U.S. President in November, upcoming changes in trade, fiscal, immigration, and industrial policies may impact global supply and demand, creating future uncertainties. The market also faced challenges such as geopolitical risks, fierce competition, and changing consumer needs. We will continue to monitor these trends and adjust strategies accordingly. Due to inventory adjustments and product realignment by major clients, revenue declined year-over-year. However, we optimized our product and client mix, and effectively controlled costs, significantly reducing our net loss. Going forward, we remain focused on developing new clients and innovative applications, aiming to expand our scale and market share.

(II) Financial position, profitability, and budget execution

Our net operating revenue in 2024 amounted to NT\$ 941,934 thousand, which represents a YoY decrease of 19.1%. mainly due to continued inventory reduction by customers in Europe and the U.S., as well as product line adjustments by brand clients, resulting in lower order volumes. Gross profit reached NT\$166.816 million, an increase of 101.3% from the previous year, attributed to optimized product and customer mix and effective cost control. Net loss after tax narrowed to NT\$165.938 thousand, with an after-tax loss of NT\$2.46 per share. In terms of financial management, the Company maintained a prudent approach, aligning long- and short-term funding with operational growth needs. The current ratio stood at 246%, and the debt ratio at 35%, indicating a healthy financial structure.

The Company did not disclose the financial forecast, so there is no execution of budget.

(III) R&D status

1. A weak demand outlook in 2024 was driven by delayed inventory adjustments, ongoing layoffs, and product line changes by key clients, leading to cautious adoption of new technologies. Looking ahead to 2025, the launch of the iPhone 16 with full Wi-Fi 7 support, growing AI demand for high-speed networks, and inventory normalization by operators are expected to drive upgrades to Wi-Fi 7 home gateways and create new growth opportunities.
2. CBN continues to ship DOCSIS 3.1 + Wi-Fi 6 gateways and Wi-Fi Mesh APs, while providing samples of Extended DOCSIS 3.1 and Wi-Fi 7 integrated gateways for testing. Extended DOCSIS 3.1 offers near-DOCSIS 4.0 speeds using existing networks, while Wi-Fi 7 integration enhances wireless speed and reduces latency. CBN is also advancing DOCSIS 4.0 development, with modem samples under operator testing.

3. CBN's 5G FWA and XGS-PON products have reached maturity and are being delivered through strategic partnerships with telecom operators to meet growing demand for high-speed CPE. These collaborations enhance competitiveness and ensure rapid market responsiveness. CBN will continue delivering innovative, high-performance solutions to strengthen its industry leadership.

II. Overview of 2025 business plan

(I) Operating guidelines

In this year, the Company will insist the policies of sustainable operation with continuous growth. The major operating guidelines are as below:

- A. To expand in North America and support international growth, CBN is establishing a local presence and forming strategic partnerships to better serve regional customer needs.
- B. CBN continues to lead in Smart Cable Gateway development, including DOCSIS 3.1 + Wi-Fi 6/7 and DOCSIS 4.0. DOCSIS 4.0 products are now under operator testing. Software features such as enhanced network security and mesh capabilities are also being strengthened.
- C. CBN is actively developing new product lines, including XGS-PON, 5G FWA, and Wi-Fi 7 AP/Routers, to seize opportunities from next-gen network technologies.
- D. The Company focuses on value-added solutions and value chain optimization, collaborating with customers, partners, and key suppliers to enhance competitiveness.
- E. CBN remains committed to environmental protection, regulatory compliance, and corporate social responsibility, contributing its operational achievements back to society.

(II) Expected Sales Volume and Its Basis

Major global economies are accelerating network upgrades and digital transformation to boost competitiveness and resilience. Growing investments in 5G, fiber, and low-Earth orbit satellites are driving steady industry growth, though U.S. trade policies and tariffs may create demand uncertainties. The Company expects its 2025 networking product shipments to rise by about 1% to 3% year over year.

(III) Key production and sales policies

- A. CBN is optimizing its Vietnam manufacturing base and supply chain, establishing a North America operations center, and evaluating additional sites to mitigate regional risks from natural disasters, geopolitical tensions, or policy changes, while enhancing competitive production and delivery support.
- B. Conduct the raw material supply and QC strategy adjustment and control more effectively, to shorten the production cycle, increase the production momentum, for reducing the operating risks while enhancing the utilization of the working

funds.

- C. With the demand-oriented product design, the simplification of process and better production effectiveness are achieved, while lowering the inventory costs with the common parts and components.
- D. Full-ranged quality management and the customer-oriented market strategy, and enhance the communication and coordination between the up- and downstream, to achieve the goal of profit sharing.

III. Future development strategies and external competition, and the effects of regulatory and macro operating environments

(I)Future development strategies of the Company

CBN is actively expanding into the North American market and developing new product portfolios to capture growth from next-generation network technologies. By focusing on innovation and delivering high-value, customized solutions, CBN strengthens its position within customer ecosystems and raises barriers to entry for competitors. The Company is also building a global operations network to better serve clients and mitigate risks, supporting long-term sustainability and growth.

(II)Effects of regulatory and macro operating environments

Driven by emerging technologies such as DOCSIS 4.0, XGS-PON, 5G FWA, and Wi-Fi 7, communication laws and initiatives across Europe and the U.S. are accelerating network equipment upgrades, reigniting demand for both consumer CPE and enterprise networking solutions. Looking ahead to 2025, CBN expects growth momentum from increased 5G FWA CPE shipments, rising Wi-Fi 7 adoption, and the gradual transition from DOCSIS 3.1 to 4.0. However, operations will remain cautious, with tighter controls on capital expenditure, accounts receivable, and inventory levels.

IV. Conclusion

Finally, all employees at CBN remain committed to teamwork and execution, continuously strengthening R&D and market development to enhance the Company's economic value. We will also uphold our responsibilities as a global corporate citizen and strive to maximize value for both the Company and our shareholders. We sincerely appreciate your continued support and encouragement for our management team. Thank you very much, and we wish you all the best.

Yours truly,

Chairman Wong, Chung-Pin

President Wang, Yu-Ho

Accounting Officer Li, Shu-Cheng

Corporate Governance Report

I、Information on directors, supervisors, the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

(I) Information on directors and supervisors

Apr. 25 2025

Job title	Nationality or place of registration	Name	Gender Age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree of affinity			Remarks
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Compal Electronics, Inc.	Not applicable.	June 24, 2024	Three years	August 19, 2009	29,060,176	43.16%	29,060,176	43.16%	—	—	—	—	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Note 1	
Chairman	Republic of China	Compal Electronics, Inc. Representative: Wong, Chung-Pin	Male 61 - 70		Three years	May 7, 2018			—	—	—	—	—	—	Institute of Management Science, National Chiao Tung University Director and President, Compal Electronics, Inc.	Note 2	None	None	None	Note 1
Director	Republic of China	Compal Electronics, Inc. Representative: Chen, Rui-Tsun	Male 71 - 80		Three years	August 19, 2009			—	—	—	—	—	—	Department of Electrical Engineering, National Cheng Kung University Vice-Chairman and CSO, Compal Electronics, Inc.	Note 2	None	None	None	Note 1
Director	Republic of China	Compal Electronics, Inc. Representative: Wang, Yu-Ho	Male 51-60		Three years	June 24, 2015			1,002,010	1.49%	—	—	457,000	0.68%	Department of Computer Engineering, Massachusetts State University Chief of Division, Compal Electronics	Note 2	None	None	None	Note 1
Director	Republic of China	Rui Xin Investment Co., Ltd.	Not applicable.	June 24, 2024	Three years	January 24, 2018	3,575,000	5.31%	3,575,000	5.31%	—	—	—	—	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Note 1	
Director	Republic of China	Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin	Male 61-70		Three years	January 24, 2018	—	—	—	—	—	—	—	—	Institute of Electrical Engineering, National Taiwan University VP of Marketing, Realtek Semiconductor Corp.	Note 2	None	None	None	Note 1
Independent director	Republic of China	Weng, Chien-Ren	Male 61 - 70	June 24, 2024	Three years	January 24, 2018	—	—	—	—	—	—	—	—	Emory University, Atlanta, GA, USA / MBA Global President, Acer Corp.	Note 2	None	None	None	Note 1
Independent director	Republic of China	Mao, Ying-Wen	Male 61 - 70	June 24, 2024	Three years	January 24, 2018	—	—	—	—	—	—	—	—	Master, Department of Electrical Engineering, National Cheng Kung University Chairman, Sitronix Technology Corp.	Note 2	None	None	None	Note 1
Independent director	Republic of China	Chen, Miao-Ling	Female 61 - 70	June 24, 2024	Three years	January 24, 2018	—	—	—	—	—	—	—	—	PhD in Business Administration, Keio University, Japan Professor, Department of Financial Management, National Sun Yat-sen University	Note 2	None	None	None	Note 1

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: none

Note 2: Positions held concurrently in the company and/or in any other company

Title	Name	Positions held concurrently in the company and/or in any other company
Chairman	Wong, Chung-Pin	<p>Chairman: Compal Broadband Networks; Rayonnant Technology Co., Ltd.; Henghao Technology Co., Ltd.; UNICOM GLOBAL, INC.; Starmems Semiconductor Corp.; POINDUS SYSTEMS CORP.; Compal USA (Indiana), Inc.; Wah Yuen Technology Holding Ltd.</p> <p>Executive Director: Compower Global Service Co., Ltd.</p> <p>Director: Compal Electronics, Inc.; Taiwan Sanga Co., Ltd., Taiwania Capital Biotechnology VIII Corporation, Compal System Trading (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Allied Power Holding Corp., Auscom Engineering Inc., Compal Connector Manufacture Ltd., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., Primetek Enterprises Ltd., Sirql Inc., Varlink Limited</p> <p>Supervisor: Hong Ya Technology Corporation</p>
Director	Chen, Rui-Tsun	<p>Chairman: Compal Electronics, Inc.; Arcadyan Technology Corporation, Ripal Optotronics Co., Ltd., Unicore Biomedical Co., Ltd., ARCE Therapeutics, Inc., Inc., Palcom International Corporation, General Life Biotechnology Co., Ltd., Aco Healthcare Co., Ltd., Raypal Biomedical Co., Ltd., River Regeneration and Rejuvenation Biotechnology Co. Ltd., Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Kinpo&Compal Group Assets Development Corporation, Ray-Kwong Medical Management Consulting Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., Compal Smart Device India Private Limited.</p> <p>Director: Compal Broadband Networks, Inc., Mactech Co., Ltd., HengHao Technology Co. Ltd., UNICOM GLOBAL, INC., Kinpo&Compal Group Assets Development Corporation, Compal Ruifang Health Assets Development Corporation, Phoenix Innovation Venture Capital Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal (Vietnam) Co., Ltd., Compal Development & Management (Vietnam) Co., Ltd., Ascendant Private Equity Investment Ltd., Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Billion Sea Holdings Ltd., Big Chance International Co., Ltd., Bizcom Electronics, Inc., Center Mind International Co., Ltd., Compal Americas (US) Inc., Compal Display Holding (HK) Limited, Compal Electronics International Ltd., Compal Electronics N.A. Inc., Compal Electronics (Holding) Ltd., Compal International Ltd., Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal Rayonnant Holdings Ltd., Compal USA (Indiana), Inc., Compalead Electronics B.V., Compal Wise Electronic (Vietnam) Co., Ltd., Core Profit Holdings Ltd., Etrade Management Co., Ltd., Flight Global Holding Inc., Forever Young Technology Inc., Fortune Way Technology Corp., Giant Rank Trading Ltd., Goal Reach Enterprises Ltd., HengHao Holdings A Co., Ltd. 、HengHao Holdings B Co., Ltd., High Shine Industrial Corp., Intelligent Universal Enterprise Ltd., Jenpal International Ltd., Just International Ltd., Prospect Fortune Group Ltd., Prisco International Co., Ltd., Smart International Trading Ltd., Sinoprime Global Inc., Wah Yuen Technology Holding Ltd., Webtek Technology Co., Ltd., Director of Chengdian Culture and Education Foundation</p> <p>President & CEO: Compal Electronics (Vietnam) Co., Ltd.</p> <p>Independent Director: Powertech Technology Inc.</p>

Title	Name	Positions held concurrently in the company and/or in any other company
Director	Wang, Yu-Ho	Director: Compal Broadband Networks; Compal Broadband Networks Belgium BVBA; Compal Broadband Networks Netherlands B.V. Vice Chairman: Starmems Semiconductor Corp. President: Compal Broadband Networks
Director	Tsai, Rong-Jin	Chairman: RayMX Microelectronics Corp.; Cheng-Chi Technology Ltd. Director: Compal Broadband Networks VP of Marketing: Realtek Semiconductor Corp.
Independent Director	Weng, Chien-Ren	Director: FLH Co., Ltd. Independent Director: Compal Broadband Networks
Independent Director	Mao, Ying-Wen	Chairman: Sitronix Technology Corp.; Sitronix Investment Corp.; Forcelead Technology Corp.; Seer Microelectronics, Inc., and Sitronix Holding International Limited. Director: Sensortek Technology Corp.; MCORE TECHNOLOGY CORP.; SYNC-TECH SYSTEM CORP.; INFSTRONIX TECHNOLOGY CORP.; Silicon Power Computer & Communications Inc.; EZGLOBAL NETWORK SERVICE INC.; Fong Huang Innovation Investment Co., Ltd., Fong Huang II Innovation Investment Co., Ltd, Fong Huang III Innovation Investment Co., Ltd., Fong Huang IV Innovation Investment Co., Ltd., Fong Huang VI Innovation Investment Co., Ltd. CEO: Sitronix Technology Corp. Forcelead Technology Corp. and Seer Microelectronics, Inc. Independent Director: Compal Broadband Networks
Independent Director	Chen, Miao-Ling	Independent Director: Compal Broadband Networks and Taiwan Financial Holding Co., Ltd.

※Major shareholders of institutional shareholders

March 31, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders
Compal Electronics, Inc.	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF(9.21%)、Yuanta/P-shares Taiwan Dividend Plus ETF(5.25%)、Kinpo Electronics, Inc.(3.44%)、New Labor Pension Fund(2.27%)、JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(1.29%)、Chunghwa Post Co., Ltd.(1.20%)、Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds(1.19%)、JP Morgan Chase Bank Custody ABP Retirement Fund Investment Account(0.93%)、Taiwan Business Bank Co., Ltd.(0.91%)、Labor Insurance Fund(0.85%)
Rui Xin Investment Co., Ltd.	Realtek Semiconductor Corp. (100%)

Note: Refer to the form below if the major shareholders are also corporate shareholders.

※Major shareholders of corporate shareholders who also corporate shareholders

April 5, 2025

Name of corporate shareholder	Major shareholders of the corporate shareholder
Kinpo Electronics, Inc.	Compal Electronics, Inc.(8.24%)、Panpal Technology Corp.(4.61%)、GEBO Limited(2.77%)、Ho Bao Investment Co., Ltd.(1.99%)、Ruey Shinn Co., Ltd.(1.86%)、Li Chu Tsai(1.44%)、UBS Taipei Branch is subject to Li Chu Tsai trust property account(1.33%)、JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(1.18%)、Lin, Kao-Huang(1%)、JPMorgan Chase Bank Taipei Branch is entrusted with the safekeeping of Van Gard Emerging Market Stock Index Fund investment account of the manager of Van Gard Group(0.99%)

September 12, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder
Realtek Semiconductor Corp.	Cotek Pharmaceutical Industry Co., Ltd.(4.32%)、Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF(4.29%)、Yuanta/P-shares Taiwan Dividend Plus ETF(3.32%)、HSBC(Taiwan)Commercial Bank is entrusted to maintain the investment account of Morgan Stanley International Co.,Ltd.(1.86%)、Fubon Life Insurance Co., Ltd.(1.69%)、China Life Insurance Co., Ltd.(1.60%)、New Labor Pension Fund(1.35%)、Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds(1.30%)、Chiang, Ting-Ch(1.28%)、Norges Bank(1.24%)

※ Disclosure of Information Regarding the Professional Qualifications and Experience of Directors, and the Independence of Independent Directors:

APR.25 2025

Qualification Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Compal Electronics, Inc. Representative: Wong, Chung-Pin	Possessing professional qualifications and experience in leadership and decision-making, operation and management, operational judgement, commerce and business; none of the circumstance specified in Article 30 of the Company Act.		—
Compal Electronics, Inc. Representative: Chen, Rui-Tsun	Possessing professional qualifications and experience in leadership and decision-making, operation and management, operational judgement, commerce and business; none of the circumstance specified in Article 30 of the Company Act.	Not applicable.	1
Compal Electronics, Inc. Representative: Wang, Yu-Ho	Possessing professional qualifications and experience in leadership and decision-making, operation and management, operational judgement, commerce and business; none of the circumstance specified in Article 30 of the Company Act.		—
Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin	Possessing professional qualifications and experience in operation and management, strategic planning, leadership and decision-making, and international marketing; none of the circumstance specified in Article 30 of the Company Act.		—
Weng, Chien-Ren	Possessing professional qualifications and experience in operation and management, strategic planning, leadership and decision-making, and international marketing; none of the circumstance specified in Article 30 of the Company Act.	The three independent directors at the left have complied with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies promulgated by the Financial Supervisory Commission during the two years before being elected or during the term of office, and are empowered with rights specified Article 14-3 of the Securities and Exchange Act of full participation in decision-making and opinion expression, to exercise their duties independently.	—
Mao, Ying-Wen	Possessing professional qualifications and experience in operations and management, strategic planning, leadership and decision-making, international marketing, and technology R&D; none of the circumstance specified in Article 30 of the Company Act.		—
Chen, Miao-Ling	Possessing expertise in operations and management, accounting and finance; none of the circumstance specified in Article 30 of the Company Act.		1

※ Board diversity and independence:

1. Board diversity:

The Company's Corporate Governance Best Practice Principles stipulate that the Company's board composition shall be diversified, directors concurrently serving as company officers not exceeding one-third of the total number of the board members; and they shall have different professional background, working fields and knowledge, skills, and experience required to exercise the duties. To achieve the ideal goal of corporate governance, the overall board shall have the following qualifications:

- (1) Basic requirements and values: Gender, age, nationality, and culture
- (2) A professional background, professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: ability to lead; ability to make policy decisions; ability to conduct management administration; an international market perspective; knowledge of the industry; ability to perform accounting and financial analysis; ability to make operational judgments; ability to conduct risk/crisis management; and ability of sustainable governance.

The following is the diversity of the board members:

Item		Director	Independent Director
Age	51 - 60 years old	1	0
	61 - 70 years old	2	3
	71 - 80 years old	1	0
Gender	Male	4	2
	Female	0	1
Nationality	Republic of China	4	3
Employee status (the Company and its subsidiaries)		1	0

Diversity item Director	Leadership	Decision-making	Management administration	An international market perspective	Knowledge of the industry	Accounting and financial analysis	Operating judgments	Risk management Crisis management	Sustainable governance
Wong, Chung-Pin	V	V	V	V	V		V	V	V
Chen, Rui-Tsun	V	V	V	V	V		V	V	V
Wang, Yu-Ho	V	V	V	V	V		V	V	V
Tsai, Rong-Jin	V	V	V	V	V	V	V	V	V
Weng, Chien-Ren	V	V	V	V	V	V	V	V	V
Mao, Ying-Wen	V	V	V	V	V	V	V	V	V
Chen, Miao-Ling	V	V	V	V		V		V	V

The current board members meet the requirements of diversity. However, to meet the needs of future development, the components of diversity will be reviewed continuously, to continuously strengthen the goal of diversity of board members at the re-election.

At the 2024 Annual Shareholders' Meeting, the Company elected the 6th Board of Directors, comprising a total of 7 members, including 3 independent directors. Directors who are also employees account for 14%, and independent directors represent 43% of the board. This term also includes one female independent director, with female representation on the board at 14%. The composition of the current board complies with the Company's diversity policy and related requirements. In addition to achieving the specific objective of appointing at least one female director, the status of other board composition targets and their achievement is as follows:

Management goal	Implementation
The number of Directors holding concurrent positions as the Company Managers not exceeding one-third of the Board seats.	Implemented
At least four Directors possess expertise in the computer industry, sales and technology.	Implemented
At least two Directors possess expertise in finance, accounting and technology	Implemented

The Company values gender equality; however, in seeking board candidates, factors such as individual qualifications, professional background, business needs, and board diversity must also be considered. Due to the difficulty in identifying suitable candidates, the proportion of female directors in the current term did not reach one-third. The Company will continue to identify qualified female candidates before the next board election to move toward the gender diversity targets set by the Financial Supervisory Commission (FSC).

2. Independence of the board:

Among seven director seats, there are three independent directors, accounting 43%. None of the circumstance specified in Paragraphs 3 and 4 of Article 26-3, the Securities and Exchange Act among the directors, i.e. none of the director is a spouse or a relative within the second degree of kinship to another director.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches:

APR.25.2025

Title	Nationality	Name	Gender	Date of election / appointment to current term	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Wang, Yu-Ho	Male	August 19, 2009	1,002,010	1.49%	—	—	457,000	0.68%	Department of Computer Engineering, Massachusetts State University Chief of Division, Compal Electronics	Note 1	None	None	None	Note 2
Vice-President	Republic of China	Chang, Chia-Ling	Female	January 19, 2013	349,597	0.52%	—	—	—	—	University of Mary Hardin-Baylor Bachelor, Department of Business Administration Manager, MOTOTECH INC.	None	None	None	None	Note 2
Vice-President	Republic of China	Huang, Wei-Hsin	Male	January 19, 2013	415,807	0.62%	—	—	—	—	Bachelor, Department of Electronic Engineering, National Taiwan University of Science and Technology Associate Vice President, Accton Technology	None	None	None	None	Note 2
Vice Chief of Division	Republic of China	He, Chung-Yu	Male	July 23, 2019	146,330	0.22%	—	—	—	—	Master's degree, Department of information Engineering, Tamkang University Section Chief, MOTOTECH INC.	None	None	None	None	Note 2
Vice Chief of Division	Republic of China	Chen, Hung-Wei	Male	November 21, 2022	16,880	0.02%	—	—	—	—	Master of Science, National Chiao Tung University Manager of Compal Broadband Networks	None	None	None	None	Note 2
Vice Chief of Division	Republic of China	Chen, Kuo-Hsin	Male	November 21, 2022	1,000	0.00%	—	—	—	—	Master's degree, Institute of Information Science, National Chung Hsing University Manager of Compal Broadband Networks	None	None	None	None	Note 2
Vice Chief of Division	Republic of China	Hsiao, Hsu-Shuen	Male	November 21, 2022	—	—	—	—	—	—	Bachelor's degree, Department of Electrical Engineering, National Sun Yat-sen University Vice Manager of Project, Electrical Engineering	None	None	None	None	Note 2
Officer of Accounting and Finance	Republic of China	Li, Shu-Cheng	Male	July 1, 2022	—	—	—	—	—	—	Master's degree, Institute of Business Management, Tatung University Deputy Chief of Division, Compal Electronics	None	None	None	None	Note 2
Audit Officer	Republic of China	Luo, Shi-Tang	Male	November 6, 2019	—	—	—	—	—	—	Junior College of Computer Engineering, Department of Electronic Engineering, Vanung University Vice Manager, Compal Electronics	None	None	None	None	Note 2
Corporate Governance Officer	Republic of China	Li, Shu-Cheng	Male	July 10.2023	—	—	—	—	—	—	Master's degree, Institute of Business Management, Tatung University Deputy Chief of Division, Compal Electronics	None	None	None	None	Note 2
Chief of Division	Republic of China	Ho, Chen-Yu	Male	April 02.2025	—	—	—	—	—	—	Bachelor's Degree in Accounting, National Cheng Kung University Manager CBN	None	None	None	None	Note 2

Note 1: Positions concurrently held in other companies at present

Title	Name	Positions held concurrently in the company and/or in any other company
President	Wang, Yu-Ho	Director: Compal Broadband Networks; Compal Broadband Networks Belgium BVBA; Compal Broadband Networks Netherlands B.V. Vice-Chairman: Starmems Semiconductor Corp.

Note 2: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: none

Note 3: Director Zhu Yuan-Ping resigned on October 2, 2024.

II 、 Remuneration paid to directors, supervisors, the President, and Vice Presidents in the most recent year

(I) Remuneration to directors

Unit: NT\$ thousand

Title	Name	Remuneration to directors								Sum of A + B + C + D and ratio to net income	Remuneration received by directors for concurrent service as an employee								Sum of A + B + C + D + E + F + G and ratio to net income	Remuneration received from investee enterprises other than subsidiaries or from the parent company				
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)			Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)									
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Amount in cash	Amount in share	Amount in cash	Amount in share	The Company	All consolidated entities		
Chairman	Compal Electronics, Inc. Representative: Wong, Chung-Pin	—	—	—	—	—	—	120	120	120 (0.07%)	120 (0.07%)	—	—	—	—	—	—	—	—	120 (0.07%)	120 (0.07%)	69,345		
Director	Compal Electronics, Inc. Representative: Chen, Rui-Tsun	—	—	—	—	—	—	120	120	120 (0.07%)	120 (0.07%)	—	—	—	—	—	—	—	—	120 (0.07%)	120 (0.07%)			
Director	Compal Electronics, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Director	Compal Electronics, Inc. Representative: Wang, Yu-Ho	—	—	—	—	—	—	120	120	120 (0.07%)	120 (0.07%)	4,768	4,768	108	108	—	—	—	—	4,996 (2.94%)	4,996 (2.94%)	—		
Director	Rui Xin Investment Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Director	Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin	—	—	—	—	—	—	120	120	120 (0.07%)	120 (0.07%)	—	—	—	—	—	—	—	—	120 (0.07%)	120 (0.07%)	—		
Independent Director	Weng, Chien-Ren	—	—	—	—	—	—	720	720	720 (0.43%)	720 (0.43%)	—	—	—	—	—	—	—	—	720 (0.43%)	720 (0.43%)	—		
Independent Director	Mao, Ying-Wen	—	—	—	—	—	—	720	720	720 (0.43%)	720 (0.43%)	—	—	—	—	—	—	—	—	720 (0.43%)	720 (0.43%)	—		
Independent Director	Chen, Miao-Ling	—	—	—	—	—	—	720	720	720 (0.43%)	720 (0.43%)	—	—	—	—	—	—	—	—	720 (0.43%)	720 (0.43%)	—		

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: pursuant to Article 22 of the Articles of Incorporation, the remunerations are determined based on the participation in the Company's operation and the value contributed, with the reference with the industrial level, by the Board under authorization.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company): none.

(II) Remuneration to President/Vice President

Unit: NT\$ thousand

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note 1)				Sum of A + B + C + D and ratio to net income (%)	Remuneration received from investee enterprises other than subsidiaries or from the parent company			
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities						
								Amount in cash	Amount in share	Amount in cash	Amount in share					
President	Wang, Yu-Ho	3,162	3,162	108	108	1,606	1,606	0	0	0	0	4,876 (2.94)	4,876 (2.94)	NA		
Vice-President	Chang, Chia-Ling	2,665	2,665	108	108	511	511	0	0	0	0	3,284 (1.98)	3,284 (1.98)	NA		
Vice-President	Huang, Wei-Hsin	2,058	2,058	107	107	338	338	0	0	0	0	2,503 (1.51)	2,503 (1.51)	NA		

※ Compensation for the top five highest paid executives in the company (note1)

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note 1)				Sum of A + B + C + D and ratio to net income (%)	Remuneration received from investee enterprises other than subsidiaries or from the parent company			
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities						
								Amount in cash	Amount in share	Amount in cash	Amount in share					
President	Wang, Yu-Ho	3,162	3,162	108	108	1,606	1,606	—	—	—	—	4,876 (2.94)	4,876 (2.94)	—		
Vice-President	Chang, Chia-Ling	2,665	2,665	108	108	511	511	—	—	—	—	3,284 (1.98)	3,284 (1.98)	—		
Vice-President	Huang, Wei-Hsin	2,058	2,058	107	107	338	338	—	—	—	—	2,503 (1.51)	2,503 (1.51)	—		
Associate	Li, Shu-Cheng	1,717	1,717	106	106	1,011	1,011	—	—	—	—	2,834 (1.71)	2,834 (1.71)	—		
Vice Chief of Division	Chen, Hung-Wei	1,429	1,429	87	87	841	841	—	—	—	—	2,357 (1.42)	2,357 (1.42)	—		

Note1 : The so-called "top five executives with the highest remuneration" refers to the managers of the company. The standards for the identification of managers are based on the Order No. 0920001301 of the Securities and Futures Administration Commission of the Ministry of Finance on March 27, 2003. The scope of application of "manager" is stipulated. The calculation principle of "the top five highest remuneration" is based on the total amount of salaries, retirement pensions, bonuses, special expenses, etc. received by the company managers from all companies in the consolidated financial report, as well as the amount of employee remuneration, and sorted. The top five highest rewards will be recognized.

※ Name of the manager who receives employee remuneration and distribution

Unit: NT\$ thousand

	Title	Name	Amount in share	Amount in cash	Total	Total as a percentage of net income after tax (%)
Managerial officer	President	Wang, Yu-Ho	—	—	—	—
	Vice-President	Chang, Chia-Ling				
	Vice-President	Huang, Wei-Hsin				
	Vice Chief of Division	Chen, Hung-Wei				
	Vice Chief of Division	Chen, Kuo-Hsin				
	Vice Chief of Division	Hsiao, Hsu-Shuen				
	Vice Chief of Division	He, Chung-Yu				
	Accounting Officer	Li, Shu-Cheng				
	Audit Officer	Luo, Shi-Tang				

(III) An analysis of the total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax in the parent-company only or individual financial report for the most recent two years, and a description of the remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks:

(1) The total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents by the Company as a percentage of the net income after tax in the parent-company only or individual financial report for the most recent two years:

Item	2023		2024		Unit: NT\$ thousand
	Amount	Amount	Amount	%	
Director					
Supervisors	13,958	(4.28%)	13,303	(8.02%)	
President/Vice-President					
Net income after tax in the parent-company only financial statements	(326,106)		(165,938)		

(2) The remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks:

- A. The remunerations paid to the directors and managerial officers are based on the Articles of Incorporation and the HR regulations of the Company, and deliberated by the Remuneration Committee and resolved by the Board.
- B. The aforesaid remunerations are referred to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.

III、Operations of corporate governance

(1) Operation of the Board of Directors

The term of office for the current Board: June 24, 2024 to June 23, 2027

※ The number of board meetings held in the most recent fiscal year was five. The attendance by the directors and supervisors was as follows:

Title	Name	No. of meetings attended in person	Attendance by proxy	In-person attendance rate	Remarks
Chairman	Representative of Compal Electronics, Inc.: Wong, Chung-Pin		—	100%	
Director	Representative of Compal Electronics, Inc.: Chen, Rui-Tsun			40%	
Director	Representative of Compal Electronics, Inc.: Wang, Yu-Ho		—	100%	
Director	Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin		—	100%	
Independent Director	Weng, Chien-Ren		—	100%	
Independent Director	Mao, Ying-Wen			80%	
Independent Director	Chen, Miao-Ling		—	100%	

※ Other information required to be disclosed:

I、If the operations of the Board of Directors is under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified:

1. Any matter under Article 14-3 of the Securities and Exchange Act: the Company has established the Audit Committee and thus Article 14-3 is not applicable. For the matter under Article 14-5 of the Securities and Exchange Act, please refer to the operation of the Audit Committee.
2. In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: none.

II、In the event of directors' recusal from proposals, the name of director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified:

1. For the 2024 Mid-Autumn Festival Bonus, Year-end Bonus and Employee Restricted Stock Awards: Director Wang, Yu-Ho concurrently serves as the Company's managerial officer and thus recused himself from discussion and voting due to conflict of interest. All other attending directors were inquired by the chair, and approved the proposals as proposed without dissent.
2. Concurrent positions of directors and relief of the non-compete restriction: Directors Wong, Chung-Pin, Chen, Rui-Tsun, Wang, Yu-Ho, Tsai, Rong-Jin, Weng, Chien-Ren, Mao, Ying-Wen, and Chen, Miao-Ling recused themselves from discussion and voting when their concurrent positions were discussed. All other attending directors were inquired by the chair, and approved the proposals as proposed without dissent.

III、Implementation of Evaluations of the Board of Directors

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	January 1, 2024 to December 31, 2024	Director	Internal self-evaluation	(Note 1)

The Company established the "Rules for Performance Evaluation of Board of Directors and Managerial Officers" on December 29, 2017, specifying that the directors and managerial officers shall be evaluated internally at least once a year, and externally every three years; the evaluation items for the directors are as below:

1. Self-evaluations of the board members

After a year ends, the board members complete the "Self-evaluation Form of Board Members," including six major items:

- (1) Alignment of the goals and mission of the company;
- (2) Awareness of the duties of a director;
- (3) In the operation of the company;
- (4) Management of internal relationships and communication;
- (5) The director's professionalism and continuing education; and
- (6) Internal control

2. Evaluation of board members

After the end of each year, the agenda unit of the board of directors and the chairman will evaluate individual directors based on the "board member evaluation form," and report the evaluation results to the Remuneration Committee and the Board. The Company completed the performance evaluation of directors in March 2025. The average score of the evaluation results is 90 points, showing that the directors of the Company have been actively participating in the Company's operations.

IV · Evaluation of the goals and implementation for strengthening the board's functions during the current year and the most recent year:

The Company has established the “Rules of Procedure for Board of Directors Meetings” pursuant to the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” for compliance, enters the directors’ attendance in the MOPS, and discloses the key resolutions of board meeting on the Company’s website.

Since 2020, the video board meetings are promoted to enhance the directors’ attendance and increase the chance to participate the proposal discussion in board meetings.

In addition, the Company has the three independent directors to form the Audit Committee, whose major objective is to supervise the follows: fair presentation of the financial reports of the Company; the hiring (and dismissal), independence, and performance of certificated public accountants; the effective implementation of the internal control system; Compliance with relevant laws and regulations by the Company; and management of the existing or potential risks of the Company.

(2) The operations of the Audit Committee or the supervisors’ participation in the operations of the Board of Directors

1. Operation of the Audit Committee:

The Company’s Audit Committee consists of the three independent directors; it aims to assist the Board to perform the supervisory function for quality and reliability of the Company’s implementation of accounting, audit, financial reporting process and the financial control; its major powers are as follows:

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

2. Reviewing the financial report

The Board of Directors has prepared the 2024 Business Report, financial statements, and the deficit compensation proposal, among which the financial statements were audited by KPMG Taiwan, by whom an Unmodified Opinion audit report was issued. Upon the audit of the Audit Committee, no inconsistence has been found in the aforesaid Business Report, financial statements, and the deficit compensation proposal.

3. Assessment of the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the policies and procedures of the Company's internal control system (including control measures of finance, operation, risk management, information security, and legal compliance), and reviews the regular reports from the Company's auditing unit, CPAs, and management, including risk control management and legal compliance, by referring to the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. The Audit Committee believes that the Company's risk management and internal control system is effective, and the Company

has adopted the necessary control mechanisms to monitor and correct violations.

4. Hiring CPAs

The Audit Committee is empowered to supervise the independence of the attesting accounting firm, to ensure the fairness of the financial statements. Except for tax-related services or items approved specifically, attesting accounting firms are not allowed to provide other services of the Company. All services provided by the attesting accounting firm must be approved by the Audit Committee.

To ensure the independence of the accounting firm, the Audit Committee refers to Article 47 of the Certified Public Accountant Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 “Integrity, Objectivity and Independence” to establish the evaluation form of independence, to assess the independence, professionalism, and competence of CPAs, and assess if they are related parties to the Company, or have any relationship involving business or financial benefits.

Upon the deliberation in the 10th meeting of the 2nd Audit Committee on March 8, 2024 and the 11th meeting of the 5th Board on March 8, 2024, it was approved that CPAs, Chien, Szu-Chuan and Au Yiu-Kwan, from KPMG Taiwan meet the evaluation criteria of the independence, and competent enough to serve as the Company's attesting CPAs for finance and taxation.

5. The Audit Committee held four meetings in the most recent year (A), and the independent directors' attendance is as follows:

Title	Name	No. of meetings attended in person (B)	Attendance by proxy	In-person attendance rate	Remarks
Independent Director	Weng, Chien-Ren		—	100%	None
Independent Director	Mao, Ying-Wen	3	1	75%	
Independent Director	Chen, Miao-Ling	4	—	100%	

※Other information required to be disclosed:

(I) 1. If the operations of the Audit Committee fall under any of the circumstances below, the date of the Audit Committee meeting, the session, the content of the proposal, any objection, reservation, or major suggestion made by independent directors, the results of resolutions by the Audit Committee, and the Company's response to the committee's opinions shall be specified.

(1) The matters under Article 14-5 of the Securities and Exchange Act.

Audit Committee Date/Session	Proposal description	The content of any dissenting or qualified opinion or significant recommendation of the independent directors.	The outcomes of audit committee resolutions	The measures taken by the Company based on the opinions of the audit committee
The 10th meeting, the 2nd Term March 8, 2024	2023 consolidated and parent company only financial statements	None	All attending members were asked by the chair, and the proposal was approved as proposed without dissent	All attending directors were inquired by the chair, and the proposal was approved as proposed without dissent
	2023 Statement of the Internal Control System	None		
	Evaluation of the CPAs' Independence and Competence	None		
The 11th meeting, the 2nd Term May 9, 2024	Consolidated financial statements of Q1 2024	None	All attending members were asked by the chair, and the proposal was approved as proposed without dissent	All attending directors were inquired by the chair, and the proposal was approved as proposed without dissent

Audit Committee Date/Session	Proposal description	The content of an dissenting or qualified opinion or significant recommendation of the independent directors.	The outcomes of audit committee resolutions	The measures taken by the Company based on the opinions of the audit committee
The 1st meeting, the 3rd Term August 9, 2024	Consolidated financial statements of Q2 2024 To issue Employee Restricted Stock Awards ("RSAs")	None None	All attending members were asked by the chair, and the proposal was approved as proposed without dissent	All attending directors were inquired by the chair, and the proposal was approved as proposed without dissent
The 2nd meeting, the 3rd Term November 8, 2024	Consolidated financial statements of Q3 2024	None	All attending members were asked by the chair, and the proposal was approved as proposed without dissent	All attending directors were inquired by the chair, and the proposal was approved as proposed without dissent

(2) Other than those described above, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: none.

(II) In the event of independent directors' recusal from proposals, the name of independent director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: none.

(III) Communication between independent directors and the chief internal auditor/CPAs (e.g., financial and business matters communicated and communication methods and results).

1. Policy of communications between the independent directors and internal audit officer:

- The Audit Officer shall submit the inspection report to the members of the Audit Committee in writing by the end of the month next to the month when the audit project is completed. Shall the independent directors need to learn more about the audit and tracking results, they contact the audit officer whenever proper.
- The audit officer and independent directors meet regularly at least once a quarter to report on the Company's internal audit implementation and internal control system operation.
- The CPAs regularly report to members of the Audit Committee.
- If it is required for the business, the audit officer and the CPAs submit written reports or orally explain to the members of the Audit Committee.

2. Communications between the independent directors and internal audit officer:

Date	Matter(s) communicated	Communication outcome
March 8, 2024	Report on Q4 2023 internal audit implementation 2023 Statement of the Internal Control System	Reviewed by all attending independent directors without further instructions
May 9, 2024	Report on Q1 2024 internal audit implementation	Reviewed by all attending independent directors without further instructions
August 9, 2024	Report on Q2 2024 internal audit implementation	Reviewed by all attending independent directors without further instructions
November 8, 2024	Report on Q3 2024 internal audit implementation	Reviewed by all attending independent directors without further instructions

3. Commutation between the independent directors and the CPAs

Date	Matter(s) communicated	Communication outcome
March 11 2025	The CPAs explained the key audit items in 2024, discussed and communicated with the participants for the questions they raised.	After being reviewed by all the attending independent directors, the financial statements were approved by the Audit Committee without dissent and submitted to the Board for resolution.

(3) The operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
1. Has the Company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies?	V		The Company has established the "Corporate Governance Best Practice Principles" pursuant to the "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies"	No material deviation
2. The Company's shareholding structure and shareholders' equity				
(1) Has the Company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	V		To ensure the interests of shareholders, the Company has the spokesperson and deputy spokesperson in place, with a dedicated unit responsible for shareholders' suggestions, questions, disputes and litigations.	No material deviation
(2) Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	V		Through the report of changes in shareholding of insiders (directors, managers and major shareholders holding 10% of the shares) and the shareholder rosters provided by the shareholder service agency, the Company grasps the actual control list all the time.	No material deviation
(3) Has the Company established and implemented a risk control and a firewall mechanism between itself and affiliates?	V		The Company and its affiliates operate independently, and each company has its own internal control system regulations. The Company has established the "Subsidiary Supervision and Management Regulations" and the "Regulations for Managing Transactions with Related Parties, Specific Companies and Group Entities" to implement accordingly.	No material deviation
(4) Has the Company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	V		The Company has established the "Regulations for Preventing Insider Trading." All directors, managerial officers and employees of the Company, and other persons who have learned of the Company's internal material information due to their status, occupation or control relationship, shall comply with the relevant regulations.	No material deviation
3. Composition and responsibilities of the Board of Directors				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		1.(1) The 14th meeting of the 3rd Board of Directors adopted the Corporate Governance Best Practice Principles on December 26, 2017, and a diversity policy is specified under Chapter 3 "Enhanced Functions of the Board of Directors" of the principles. The nomination and selection of board members comply with the Articles of Incorporation, to adopt the candidate nomination system. In addition to evaluating the education, working experience and qualifications of each candidate, the opinions of stakeholders	No material deviation

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			<p>are also referred to, while complying with the "Procedures for Election of Directors and Supervisors" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of directors.</p> <p>2. Reviewing the seven directors of the 5th term, not only including one female member, but also Wong, Chung-Pin, Chen, Rui-Tsun, Wang, Yu-Ho, Tsai, Rong-Jin, Weng, Chien-Ren, and Mao, Ying-Wen have the expertise in leadership, operational judgement, operation and management, crisis management, with the industry knowledge and international market perspective; Chen, Miao-Ling, on the other hand, is good at accounting, financial analysis, and academic research. The Company's directors with employee status account for 14%, independent directors account for 43%, and the female director accounts for 14%; one director is over 70 years old, five are between 60 and 69 years old, and one are under 60 years old.</p> <p>3. The diversity policy formulated by the Board on the composition of members are disclosed on the Company's website and the MOPS.</p>	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?	V		No other functional committee has been established.	Other functional committees will be established depending on the needs in the future.
(3) Has the Company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	V		The Company has established the "Rules for Performance Evaluation of Board of Directors and Managerial Officers" for regular evaluation.	No material deviation
(4) Does the Company regularly assess the independence of the CPAs?	V		The Audit Committee regularly evaluates the independence of the attesting CPAs every year and then submits the evaluation results to the Board. The latest evaluation was approved upon the resolution of the Audit Committee and the Board on March 11, 2025. The evaluation mechanism is as shown below:	No material deviation

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			<p>1. Confirming that the attesting CPAs are not related to the Company and its directors.</p> <p>2. Complying with the Corporate Governance Best Practice Principles to rotate the attesting CPAs.</p> <p>3. The attesting accounting firm need to obtain the prior approval of the Audit Committee before the engagement of annual attesting and other affairs.</p> <p>4. Regularly obtaining independent statements issued by the CPAs.</p> <p>The evaluation outcomes are as shown below:</p> <p>1. The attesting CPAs and their independence relative to the Company comply with the Certified Public Accountant Act and the Norm of Professional Ethics for Certified Public Accountant.</p> <p>2. The Company has not engaged the same CPAs for consecutive five years.</p> <p>(Note 1)</p>	
4. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?	V		The Company has dedicated personnel to take charge of corporate governance related affairs, including furnishing information required for business execution by directors and independent directors; handling matters relating to board meetings and shareholders meetings according to laws; handling company registration and change registration; and producing minutes of board meetings and shareholders meetings.	No material deviation
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the Company's website to properly respond to stakeholders' major CSR issues of concern?	V		The Company maintains smooth communication channels with its banks, creditors and employees, respects and protects their legitimate rights and interests. The Company has established contact numbers or e-mail mailboxes on the website for business consulting and investor relations; all stakeholders can use e-mail to communicate when necessary.	No material deviation
6. Does the Company appoint a professional shareholder service agency to handle the affairs related to shareholders' meetings?	V		The Company appoints the Agency Department of CTBC as the Company's shareholder service agency to handle the affairs related to shareholders' meetings.	No material deviation
7. Information disclosures				
(1) Has the Company set up a website to	V		The Company's website	No material deviation

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
disclose information on financial business and corporate governance?			(URL: www.icbn.com.tw) discloses the information of finance and business, corporate governance, and shareholders' meetings, both regularly and from time to time.	
(2) Does the Company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the Company website)?	V		The Company discloses related information on the Company's website and the MOPS. The Company's website also has the section specific to investor relations to fully disclose the information of finance and business, investor conference, and corporate governance, both regularly and from time to time, for shareholders and the public to refer to.	No material deviation
(3) Does the Company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?	V		The Company complies with the related requirements to announce and submit an annual financial report to the competent authority within three months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month. For the disclosure of the aforesaid information, please refer to the MOPS (https://mops.twse.com.tw/mops/web/index)	No material deviation
8. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the Company's purchase of directors and supervisors liability insurance)?	V		(Note 2)	No material deviation
9. Specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved:				
During 2024, it was still actively researching and improving. In the future, the Company will maintain an effective corporate governance mechanism at all aspects of operation and implement transparency of information disclosure and enhance the rights and interests of shareholders.				

Note 1: 2024 Evaluation of the CPAs' Independence and Competence

Item	Results
1. Whether or not the CPAs have any direct or material indirect financial service beneficial relationship with the Company.	No
2. Whether or not the CPAs have any financing or guarantee action with the Company or the directors of the Company.	No

Item	Results
3. Whether or not the CPAs have any close business relationship and potential employment relationship with the Company	No
4. Whether or not the CPAs and their audit team members have served as directors, managerial officer or positions that have a significant influence on the audit task in the Company currently or in the most recent two years	No
5. Do the CPAs provide the Company with non-audit services that may directly affect the audit work?	No
6. Whether or not the CPAs serve as broker of the shares or other securities issued by the Company	No
7. Whether or not the CPAs act as the Company's defender or mediate conflicts with other third parties on behalf of the Company	No
8. Whether or not the CPAs are relatives of the Company's directors, managerial officers, or persons who have significant influence on the audit cases.	No
9. Do the CPAs require, contract or accept any remuneration other than those stipulated?	No
10. The CPAs have accepted the Company's engagement as the audit and attesting CPAs for seven consecutive years	No

Note 2: Does the company have other important information that helps to understand the operation of corporate governance?

1. Employee interests: in addition to establishing the Employee Welfare Committee, planning employee group insurance, arranging regular health examinations, and implementing a pension system, the Company also provides multiple channels for further education, values the labor relations, and creates equal employment opportunities.
2. Employee care: Establish a good relationship of mutual trust and mutual dependence with employees through the welfare system enriching and stabilizing employees' lives, and a good education and training system.
3. Employees' Code of Conduct or Ethics: to implement the Company's concept of ethical management, and enable all employees to act accordingly, comply with legal and moral principles to protect the assets, rights and interests and image of the Company and stakeholders, the Company formulates the Company's Commercial Ethic Policy as shown below:
 - Compliance with relevant government laws and regulations
 - Establishment of the protect for the relevant rights of employees, customers, shareholders, suppliers, communities and the environment
 - Insisting the commercial ethics, fair trade, integrity management, and information disclosure, as well as valuing intellectual property and protection of personal safety and trade secrets
4. Investor relations: the Company has a dedicated investor relations department, acting as the communication bridge between the Company and investors. In addition to holding investor conferences from time to time, the Company also has a section dedicated to investors on the Company's website, disclosing the Company's information as required by laws to enable investors to fully understand the Company's operating results and long-term business direction.
5. Supplier relationship: the Company signs contracts with suppliers to protect the rights and interests of both parties and maintain a good relationship.
6. Rights of stakeholders: Stakeholders may communicate with and suggest to the Company to protect their legitimate rights and interests.
7. Implementation of risk management policies and risk measurement standards: formulation of various internal regulations pursuant to law, for various risk management and assessments.
8. Implementation of customer policy: the Company maintains a stable and good relationship with customers to create profits for the Company.
9. The liability insurance for directors purchased by the Company: the Company has purchased liability insurance for all directors, and the insurance coverage for 2024 is US\$ 3,000 thousand.

10. Continuing education of accounting and audit officers:

Title	Name	Date of continuing education	Organizer	Course title	Hours of continuing education:
Accounting Officer	Li, Shu-Cheng	July 11, 2024 to July 12, 2024	Accounting Research Development Foundation	Continuing training courses for accounting supervisors of issuers, securities companies and stock exchanges	12

Title	Name	Date of continuing education	Organizer	Course title	Hours of continuing education:
Audit Officer	Luo, Shi-Tang	December 04, 2024	The Institute of Internal Auditors The Institute of Internal Auditors	How to Adjust Internal Control Systems to Respond to New ESG Regulations	6
		December 05, 2023		Corporate Implementation of ESG and Integration of Internal Audit and Internal Control: Applications and Examples	6

(4) If the Company has established a remuneration committee, the composition, responsibilities, and operations of the committee shall be disclosed:

The Company has three independent directors to form the Remuneration Committee, and the current term of office is from June 24 2024 to June 23, 2027; their major powers are as below:

- Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managerial officers.
- Periodically evaluate and prescribe the remuneration of directors and managerial officers.

1. Information on Remuneration Committee Members

Capacity	Name	Professional qualifications and experience	Independence analysis (Note 1)										No. of other public companies at which the person concurrently serves as an independent director
			1	2	3	4	5	6	7	8	9	10	
Independent Director (Convenor)	Weng, Chien-Ren	Possessing working experience in commerce, management, and electronic-related; currently serving as Director of FLH Co., Ltd.	V	V	V	V	V	V	V	V	V	V	—
Independent Director	Mao, Ying-Wen	Possessing working experience in commerce, management, and electronic-related; currently serving as Chairman, Sitronix Technology Corp.	V	V	V	V	V	V	V	V	V	V	—
Independent Director	Chen, Miao-Ling	Possessing expertise of accounting and finance; currently serving as Independent Director of Taiwan Financial Holdings Co., Ltd	V	V	V	V	V	V	V	V	V	V	1

Note 1: During the two years before being elected or during the term of office, any of the following conditions satisfied please tick ("V") the concerned condition.

- Not an employee of the Company or any of its affiliates.
- Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total shares of the Company issued by nominee arrangement or with top ten ownership.
- Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or a direct blood relative within the third degree of kinship of the person listed in (2) and (3).
- Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or

institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company;

(X) Not under any of the circumstances under the sub-paragraphs of Article 30 of the Company Act.

2. Information on the operation of the Remuneration Committee

The number of remuneration committee meetings held in the most recent fiscal year was: three (A). The attendance by the members was as follows:

Title	Name	No. of meetings attended in person	Attendance by proxy	In-person attendance rate (%)	Remarks
Convener	Weng, Chien-Ren	3	—	100%	None
Member	Mao, Ying-Wen			66.66%	
Member	Chen, Miao-Ling		—	100%	

3. Cause of discussion, the outcome of the resolution, and the measures taken by the Company with respect to the members' opinion

Session/Date	Proposal description	The outcomes of Remuneration Committee's resolutions	and the measures taken by the Company with respect to the members' opinion.
The 10th meeting, the 3rd Term March 8, 2024	Proposal of the 2023 performance evaluations for the directors and managerial officers	Approved by all attending members of the committee.	Approved upon the Remuneration Committee's resolution, and submitted to the Board for approval upon resolution
	The 2023 profit sharing remuneration to employees and directors		
	The proportion provided for the 2024 profit sharing remuneration to employees and directors		
	The 2024 salary adjustment		
The 1st meeting, the 4th Term August 9, 2024	Disbursement of 2024 Mid-Autumn Festival Bonus	Approved by all attending members of the committee.	Approved upon the Remuneration Committee's resolution, and submitted to the Board for approval upon resolution
	To issue Employee Restricted Stock Awards ("RSAs")		
The 2nd meeting, the 4th Term November 8, 2024	Disbursement of 2024 Year-end Bonus	Approved by all attending members of the committee.	Approved upon the Remuneration Committee's resolution, and submitted to the Board for approval upon resolution

※Other information required to be disclosed:

- If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified): None.
- For proposals resolved by the Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: none.

(5) The promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor:

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Summary	
1. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the board of directors, which supervises the implementation?	V		In March 2024, a Sustainable ESG Office was established and a sustainable development business plan is being promoted	The ESG office to be handled by senior management authorized by the board of directors and supervised by the board of directors.
2. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to company operations per the principle of materiality? Has the Company formulated relevant risk management policies or strategies?	V		After evaluating the risks of environmental, social and corporate governance related to the Company's operation, the "Corporate Social Responsibility Best Practice Principles" have been established.	No material deviation The related Principles are established but the operation is not yet familiarized.
3. Environmental issues (1) Has the Company set up an appropriate environmental management system as per its industrial characteristics?	V		The Company complies with the domestic regulations of environment, safety and health, and effectively operates the management system of the regulations of environment, safety and health.	No material deviation
(2) Is the Company committed to improving energy efficiency and adopting recycled materials with low environmental impact?	V		The Company continues to promote the recycling and reuse of resources by effectively implementing the classification and recycling of waste resources and reducing the use of disposable utensils, such as paper cups and disposable tableware, to reduce environmental loads. According to the statistics of WEEE, the easiness of disassembly and the recycling rate of our products reaches 88.8%~91.2%	No material deviation
(3) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?	V		All employees participate in green design and pollution prevention, and a safe and healthy environment has been established. In the future, the Company will formulate strategies for carbon reduction and greenhouse gas reduction.	No material deviation
(4) Has the Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?	V		The Company's energy saving, carbon reduction and greenhouse gas reduction strategies are described as follows: 1. Reducing energy consumption and improving efficiency: selecting energy-saving and carbon-reducing products such as LED lighting; turning off power supplies not in need. 2. Implementing recycling and waste reduction measures to reduce impact: continuously implementing waste reduction management measures,	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Summary	
			well garbage classification, and increasing recyclable waste resources.	
4. Social issues (1) Does the Company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	V		<p>The Company has formulated relevant management regulations such as "Control Procedures for the Use of Child labor and Minor Labor," "Control Procedures for Freedom of Association and Rights of Collective Bargaining," "Management Procedures for Prohibiting Discrimination and Punitive Measures," and "Control Procedures for Prohibiting Forced Labor" to protect employees and external stakeholders from working or serving under any reprisal or threat, or as repayments.</p>	No material deviation
(2) Has the Company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	V		<p>The Company establishes a reasonable remunerations and related management system to ensure that the Company's remunerations complies with relevant regulations and maintains the market standards.</p> <p>On top of the fixed monthly salary, there are also various bonuses such as year-end (festival) bonuses, patent bonuses, and referrer bonuses. The annual salary adjustment plans are determined based on the Company's operating profits and employees' individual performance to share the operating results with employees.</p> <p>In terms of gender, males account for 64% and females account for 36% among all employees; for the management, male employees account for 89% and 11% for females (due to the type of job, education background and other factors, there are differences in the proportions). Gender does not affect the Company's decisions regarding employment or promotion opportunities.</p> <p>The Company has established the "Employee Welfare Committee" pursuant to laws, contributes welfare funds pursuant to laws, regularly holds welfare committee meetings and handles employee welfare activities, and supports the diversified development of club activities. Welfare planning includes birthday gift money, annual festival gift money, organization of employee health promotion and leisure activities, domestic and foreign travel, subsidies for wedding, funeral and childbirth, condolences for</p>	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Summary	
			hospitalization of employees and their families, lucky draw at the year-end party, health examination, among other things; additionally, employees are insured with the insurances required by the labor regulations, as well as the employee group insurance (including life insurance, accident insurance, cancer insurance, and medical insurance) to provide comprehensive personal protection.	
(3) Does the Company provide employees with a safe and healthy work environment and offer safety and health education training for employees regularly?	V		<p>The Company formulates environmental safety and health policies and "Occupational Safety and Health Management" related program documents to control the details of each workplace.</p> <p>Starting from designing various software and hardware facilities in the office environment, the safety of employees is the first priority, to ensure that employees to get the greatest protection when they are working.</p> <p>Through labor safety education and training courses, employees are made to understand the safety of the plant area and possible hazard risks and comply with the "Procedures for Emergency Preparation and Response" to help employees to understand the Company's disaster level and response, evacuation routes, among other things. In addition, the Company cooperates with the Fire Department of Taiyuan Technology Park to conduct fire drills as instructed, and regularly promotion the disaster prevention knowledge to employees every year.</p>	No material deviation
(4) Has the Company established an effective career development training program for employees?	V		<p>The Company values employee planning and is committed to talent cultivation, while actively encouraging employees to participate in various training courses, including internal and external training courses.</p> <p>The internal training courses aim at the exchange of professional technology within the Company, and the improvement of the working ability of employees and the management skills of the management team; for the external training courses, employees are sent to seminars based on the needs of the Company, providing good and specialized training opportunities for Company employees.</p>	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Summary	
(5) Does the Company comply with applicable laws and international standards regarding customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' rights and interest?	V		For product safety and marketing or labeling, and acquisition and storage of customer privacy, have all been handled pursuant to relevant laws or international standards; the Company also provides e-mail address to accept customer complaints.	No material deviation
(6) Has the Company formulated a supplier management policy, required suppliers to follow applicable regulations on issues, such as environmental protection, occupational safety and health, or labor rights? The implementation thereof?	V		The Company has a supplier management policy in place, requiring each supplier to sign relevant documents. If any supplier involves violation of corporate social responsibilities such as environmental protection, occupational safety and health, or labor rights, the Company may terminate or rescind the contract.	No material deviation
5. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as CSR reports that discloses the Company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?	V		The Company prepares the corporate social responsibility report pursuant to the internationally accepted report preparation guidelines (GRI Standards), and the reports are verified by the independent third-party impartial agency, GREAT International Certification Co., Ltd, pursuant to the AA1000 accountability principle and GRI standards, to confirm that the reports meet the core options of the GRI standards, and AA1000 Type 1 Moderate Assurance Level, and are disclosed on the Company's website.	The reports will be prepared in the future when needed.
6. Where the Company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles, please specify the differences between the implementation and the principles: Currently, the Company has only established the "Corporate Social Responsibility Best Practice Principles" and promote various social responsibilities.				
7. Other important information that facilitates the understanding of the promotion of sustainable development: For the community participation, social contribution, social service, social welfare, consumer rights, human rights and other social responsibility activities, the Company actively supports numerous public welfare activities every year and plans and implements them through the "Corporate Social Responsibility Committee" to feed back to the society by participating in activities and fulfill corporate social responsibility. In 2024, the annual activities are as follows: <ul style="list-style-type: none"> • Donation of Equipment: During 2024, the Company donated computer equipment to elementary schools and related organizations in Hsinchu County. • Blood Donation Activities: The Taiwan Blood Services Foundation regularly dispatches blood donation vehicles to the Tai Yuen Hi-Tech Industrial Park. The Company actively organizes and encourages employees to participate in blood donation events. 				

(6) Implementation of Climate-Related Information

Item	Implementation:														
1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.	<p>A. In accordance with the regulations of the Taiwan Stock Exchange and the Taipei Exchange, starting from May 2022, the schedule for greenhouse gas inventory and verification is planned to be reported to the Board of Directors for control on a quarterly basis.</p> <p>B. The Board of Directors of our company serves as the highest governance body for climate change management, responsible for guiding the company's responses and decisions related to climate change. In 2024, the company established the "Sustainable Development Office," led by senior executives, to promote corporate sustainability initiatives.</p>														
2. Describe how the identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, long-term).	<p>In the short term, climate-related risks and opportunities do not have a particularly significant impact on the industry in which the company operates. However, the impact of climate risks is expected to increase progressively in the long term. The company will need to plan for green design and green manufacturing to ensure sustainable development in the future. Due to the energy-saving requirements of existing design and production models, capital budgets should be allocated annually for R&D, production, and internal transformation. To meet the company's annual capital allocation needs, the finance department will coordinate the necessary additional capital investments accordingly.</p>														
3. Describe the financial impacts of extreme weather events and transition actions.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 5px;">Extreme Climate Risks</th> <th style="text-align: center; padding: 5px;">Operational/Financial Impacts on the Company</th> <th style="text-align: center; padding: 5px;">Countermeasures</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">Windstorm</td> <td style="text-align: center; padding: 5px;">* Direct Impact: Production disruptions, supply chain interruptions, etc., resulting in decreased company revenue and profit, leading to financial losses.</td> <td style="text-align: center; padding: 5px;">Diversify the supply chain and establish alternative materials through research and production restructuring</td> </tr> <tr> <td style="text-align: center; padding: 5px;">Flood</td> <td style="text-align: center; padding: 5px;">* Indirect Impact: Increased capital expenditure and rising insurance costs.</td> <td></td> </tr> <tr> <td style="text-align: center; padding: 5px;">Drought</td> <td></td> <td></td> </tr> </tbody> </table>			Extreme Climate Risks	Operational/Financial Impacts on the Company	Countermeasures	Windstorm	* Direct Impact: Production disruptions, supply chain interruptions, etc., resulting in decreased company revenue and profit, leading to financial losses.	Diversify the supply chain and establish alternative materials through research and production restructuring	Flood	* Indirect Impact: Increased capital expenditure and rising insurance costs.		Drought		
Extreme Climate Risks	Operational/Financial Impacts on the Company	Countermeasures													
Windstorm	* Direct Impact: Production disruptions, supply chain interruptions, etc., resulting in decreased company revenue and profit, leading to financial losses.	Diversify the supply chain and establish alternative materials through research and production restructuring													
Flood	* Indirect Impact: Increased capital expenditure and rising insurance costs.														
Drought															
4. Describe the integration of climate risk identification, assessment, and management processes into the overall risk management system.	<p>For the identification, assessment, and management of climate risks, our company integrates relevant processes into the overall risk management system.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 5px;">Risk Identification</th> <th style="text-align: center; padding: 5px;">Risk Assessment</th> <th style="text-align: center; padding: 5px;">Management Strategy</th> <th style="text-align: center; padding: 5px;">Execute unit</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">According to the nature of the company's operations, the executing units conduct relevant risk identification annually.</td> <td style="text-align: center; padding: 5px;">The executing units conduct comprehensive climate risk assessments and integration.</td> <td style="text-align: center; padding: 5px;">The company incorporates climate change risks into its long-term operational risk management through the processes of</td> <td style="text-align: center; padding: 5px;">Research and Manufacturing Quality Control Center</td> </tr> </tbody> </table>			Risk Identification	Risk Assessment	Management Strategy	Execute unit	According to the nature of the company's operations, the executing units conduct relevant risk identification annually.	The executing units conduct comprehensive climate risk assessments and integration.	The company incorporates climate change risks into its long-term operational risk management through the processes of	Research and Manufacturing Quality Control Center				
Risk Identification	Risk Assessment	Management Strategy	Execute unit												
According to the nature of the company's operations, the executing units conduct relevant risk identification annually.	The executing units conduct comprehensive climate risk assessments and integration.	The company incorporates climate change risks into its long-term operational risk management through the processes of	Research and Manufacturing Quality Control Center												

Item	Implementation:			
			identification, assessment, and management strategies.	
5. When conducting scenario analysis to assess resilience to climate change risks, it is essential to outline the scenarios, parameters, assumptions, analysis factors, and major financial impacts used.	Currently, our company does not utilize scenario analysis to assess resilience to climate change risks.			
6. If a transformation plan is in place to manage climate-related risks, describe the plan's content, as well as the indicators and goals used to identify and manage physical and transition risks.	Currently, our company does not have a transformation plan in place to manage climate-related risks.			
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be clarified.	Our company currently does not utilize internal carbon pricing as a planning tool.			
8. If climate-related goals are set, the following details should be specified: activities covered, scope of greenhouse gas emissions, planning timeline, and progress towards targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet the goals, details regarding the source and quantity of carbon offsets and RECs should be provided.	Our company currently does not have climate-related goals set.			
Quantity of Renewable Energy Certificates (RECs)	<p>9. Greenhouse gas inventory and assurance status, reduction targets, strategies, and specific action plans.</p> <p>Our company is currently planning greenhouse gas inventory and verification, as well as drafting talent training, strategic objectives, control mechanisms, internal verification, and external verification. The planned schedule is as follows:</p> <ul style="list-style-type: none"> A. Parent company completes greenhouse gas inventory: March 2026 B. Subsidiaries complete greenhouse gas inventory: March 2027 C. Parent company completes external verification: December 2028 D. Subsidiaries complete external verification: March 2029 			

(7) The Company's implementation of ethical management and any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX- Listed Companies and reasons thereof

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
	Yes	No	Summary	
1. Formulation of ethical management policies and plans				
(1) Has the Company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the	V		In order to implement the culture of ethics and responsibility, the Company has formulated the "Personnel Management Rules," clearly requiring employees to insist the service code of ethic and integrity. The Company also formulated the "Ethical Corporate Management Best Practice Principles." The Company shall establish policies based on ethics on the business philosophy of	No material deviation

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
policy?			integrity, transparency and responsibility, while establishing the good mechanism of corporate governance and risk control, to create a sustainable business environment, and require the Board, management and all employees to strictly comply with.	
(2) Has the Company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with a higher risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies?	V		The Company has established the “Policy of Commercial Ethical Regulations,” “Corporate Governance Best Practice Principles,” and “Procedures for Ethical Management and Guidelines for Conduct” to regulate the whistle blowing and disciplinary actions for unethical conducts, while auditing the compliance thereof through the implementations of various internal control systems.	No material deviation
(3) Has the Company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise said plan?	V		In the “Ethical Corporate Management Best Practice Principles,” the following are specified: prohibition from offering and acceptance of bribes; prohibition from illegal political donations; prohibition from improper charitable donations or sponsorship; prohibition from offering or acceptance of unreasonable presents or hospitality, or other improper benefits; prohibition from infringement of intellectual property rights; prohibition from engaging in unfair competitive practices; prevention from damage to stakeholders by products or services. There are also the conduct guidelines, and the system of disciplinary actions specific to violations and appealing to be implemented accordingly. In addition to strengthening promoting to new employees, the policies are concretely implemented in daily operations, and the content is regularly reviewed and updated in a timely manner when requires.	No material deviation
2. Implementation of ethical management				
(1) Does the Company evaluate each counterparty's records for ethics? Has the Company specified the terms of ethical conduct in each contract signed with each counterparty?	V		The Company insists the philosophy of ethical management, and the performance of commercial activity contracts specify that the ethic cannot be violated.	No material deviation
(2) Has the Company established a dedicated (concurrent) unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?	V		While the Company has not yet established a dedicated (concurrent) unit to promote ethical corporate management, the Board adopts the audit function to inspect the implementation of the Company's ethical management policy. The Company assesses the corruption risks of each department and operating base, and purchases liability insurance for directors and members who have a significant influence on the Company.	In the future, the Company will establish a dedicated unit under the Board to promote ethical corporate management when needed.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof									
	Yes	No	Summary										
(3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	V		The "Policy of Commercial Ethical Regulations" formulated by the Company specifies the policy of avoiding conflicts of interest. When the personal interests of employees, or family members, relatives and friends outside the workplace that may cause conflicts of interest, and interfere with the overall interests of the Company in any form, as required by the policy, such employees must prepared the conflict of interest report, fully disclosing any circumstance that may cause a conflict of interest, and immediately report to the officers level by level.	No material deviation									
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		In order to ensure the implementation of the philosophy of ethical management, the Board has set up three independent directors, and established the Remuneration Committee and the Audit Committee, with a complete and effective internal control system, related management procedures and accounting systems, to be implemented and reviewed whenever requires, to ensure the continuous effectiveness of the design and implementation of the system. The Company conducts self-inspection every year, and then the internal audit unit reviews the self-inspection reports of each unit, including control environment, risk assessment, control operation, information, communication and supervision, along with the internal control deficiencies found by the audit unit and improvement of abnormal matters, to serve as the main basis for the Board and the President to evaluate the effectiveness of the overall internal control system and issue a statement on the internal control system.	No material deviation									
(5) Does the Company regularly hold internal and external education and training on ethical management?	V		<p>The company has conducted integrity management training courses for all employees starting in 2024.</p> <table border="1"> <thead> <tr> <th>Integrity Course Title</th> <th>Number of Participants</th> <th>Total Training Hours on Integi</th> </tr> </thead> <tbody> <tr> <td>General Integrity Training for New Employees</td> <td>15</td> <td>15</td> </tr> <tr> <td>General Integrity Training for Current Staff</td> <td>77</td> <td>77</td> </tr> </tbody> </table>	Integrity Course Title	Number of Participants	Total Training Hours on Integi	General Integrity Training for New Employees	15	15	General Integrity Training for Current Staff	77	77	No material deviation
Integrity Course Title	Number of Participants	Total Training Hours on Integi											
General Integrity Training for New Employees	15	15											
General Integrity Training for Current Staff	77	77											
3. Implementation of the Company's whistleblowing system													
(1) Has the Company formulated a specific whistleblowing and reward system, established a convenient	V		The Company has set up the internal and external whistleblower mailboxes (cbn_whistleblower@compalbn.com), as well as	No material deviation									

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
whistleblowing method, and assigned appropriate personnel to handle the party accused?			the relevant punishment regulations, for the responsible unit to assign appropriate dedicated personnel to handle such based on the nature and involved parties of the whistleblowing. No whistleblowing was received in 2024.	
(2) Has the Company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?	V		In the appealing and whistleblowing procedures, unless otherwise provided by law, the personal information of the whistle blowers will be kept confidential, and appropriate protective measures will be adopted pursuant to laws to protect personal information and privacy.	No material deviation
(3) Does the Company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	V		Based on the above, the Company adopts appropriate confidentiality measures pursuant to laws. and the Company handles complaints or whistleblowing in a confidential manner promptly, fairly and objectively. If the complaint or the whistleblowing is made by an employee, the Company guarantees that the employee will not be treated improperly due to the complaint or whistleblowing.	No material deviation
4. Enhanced information disclosure				
(1) Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	V		The Company's website has disclosed information related to the corporate governance, and has a dedicated unit responsible for disclosing financial information on the MOPS, with the spokesperson to speak on behalf of the Company.	No material deviation
5. If the Company has formulated its own Corporate Governance Best Practice Principles as per the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies, please specify the difference between its operation and the principles: The Company has established the "Corporate Governance Best Practice Principles," and "Procedures for Ethical Management and Guidelines for Conduct;" and the Company's operation is not materially deviated from the established Principles.				
6. Other important information that facilitates the understanding of the Company's ethical management (e.g., reviewing and amending the Company's corporate governance best practice principles): The Company has announced the "Corporate Governance Best Practice Principles," and "Procedures for Ethical Management and Guidelines for Conduct" on the Company's website.				

(8) Other key information enhance the understanding to the operations of the corporate governance

1. The Company's website is www.icbn.com.tw; the information is collected and maintained by a dedicated personnel member, and regularly disclosed and updated, for investors to check the financial, business, investor conference and other information.
2. To establish the management for preventing insider trading, avoid the improper leakage of material internal information, and ensure the consistency and accuracy of the information released by the Company externally, the Company has stipulated the "management of preventing insider trading" in the internal control system. The Company will handle relevant promotion through the Company's website, contracts, and education and training, and notify directors, managerial officers and all employees to comply with relevant regulations.

(9) Implementation of the internal control system

1. Statement of the Internal Control System

Compal Broadband Networks
Statement of the Internal Control System

Date: March 11, 2025

The Company's internal control system for 2023 as per the results of our self-assessment is hereby declared as follows:

- I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.
- II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
- III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.
- IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2024, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
- VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Company's Board of Directors on March 11, 2025. Among the six directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Compal Broadband Networks, Inc.

Chairman, Wong, Chung-Pin

President: Wang, Yu-Ho

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: none.

(10) Important resolutions by the shareholders' meeting and the Board of Directors in the most recent year and up to the publication date of the annual report

1. Regular shareholders' meeting

Time: 9:00 am, June 24, 2024

Venue: 10F, No. 6, Taiyuan 1st Street, Zhubei City, Hsinchu County, Conference room of Compal Broadbands Networks, INC.

Key resolutions:

- (1) Ratification of the 2023 business report and financial statements.
- (2) Ratification of the 2023 deficit compensation.
- (3) Lifting the non-compete restriction on the directors.
- (4) Elect the 6th Directors of the company

Implementation:

- (1) Lifting the non-compete restriction on the directors: announced on the MOPS on June 24, 2024.
- (2) Board of Directors

Date	Key resolutions
July 2, 2024	1. Election of the Chairperson of the 6th Board of Directors.
August 9, 2024	1. Approved the consolidated financial statements of Q2 2024. 2. Approved the disbursement of 2024 Mid-Autumn Festival Bonus. 3. Approved the authorization to borrow from financial institutions. 4. Approved the 2023 Sustainability Report. 5. Approved to issue Employee Restricted Stock Awards ("RSAs"). 6. Approved the convening of the 2024 Extraordinary Shareholders' Meeting.
November 8, 2024	1. Approved the consolidated financial statements of Q3 2024. 2. Approved the 2025 audit plan. 3. Approved the revision of the 2024 Audit Plan. 4. Approved the revision of the "Internal Control System" and the "Internal Audit Implementation Rules." 5. Approved the establishment of the "Procedures for the Preparation and Assurance of the Sustainability Report." 6. Approved the amendment to the "Corporate Social Responsibility Best Practice Principles." 7. Approved the disbursement of 2024 Year-end Bonus. 8. Approved the authorization to borrow from financial institutions.
February 20, 2025	1. Approved the revision of the 2024 Restricted Employee Shares Issuance Plan. 2. Approved the list and number of restricted shares granted to employees.
March 11, 2025	1. Approved the 2024 profit sharing remuneration to employees and directors. 2. Approved the proportion provided for the 2025 profit sharing remuneration to employees and directors. 3. Approved the 2024 business report, and consolidated and parent-company only financial statements. 4. Approved the 2024 Statement of the Internal Control System. 5. Approved the revision of the "Internal Control System" and the "Internal Audit Implementation Rules." 6. Approved the change of the Company's financial auditor starting from Q1 2025. 7. Approved the evaluation of the CPAs' independence and competence.

Date	Key resolutions
	8. Approved the Company's 2024 deficit compensation. 9. Approved the definition of entry-level employees. 10. Approved the amendment to the Articles of Incorporation. 11. Approved the convention of 2025 regular shareholders' meeting.
May 9, 2025	1. Approved the consolidated financial statements of Q1 2025. 2. Approved the 2025 business plan. 3. Approved the concurrent positions held by directors and the lifting of their non-compete restrictions. 4. Approved the list and number of restricted shares granted to employees. 5. Approved the authorization to borrow from financial institutions.

(11) During the most recent year and up to the date publication of this annual report, if the directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: none.

IV、Information on the Company's audit fees

1. Range table of CPA's service fees

Unit: NT\$ thousand					
Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fees (Note)	Remarks
KPMG Taiwan	Chien, Szu-Chuan Au, Yiu-Kwan	January 1, 2024 to December 31, 2024	2,170	575	None

Note: This includes NT\$275 thousand for transfer pricing, NT\$210 thousand for tax attestation services, NT\$70 thousand for company registration changes, and NT\$20 thousand for reporting salary information of full-time employees not holding managerial positions.

2. **If the CPA firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount of the decrease in the audit fees and the reason thereof shall be disclosed: none.**
3. **When the audit fees paid for the current year are lower than those paid for the prior year by 15% or more, the amount and percentage of the decrease and thereof shall be disclosed: none.**

V、Replacement of CPAs

(1) Information on the former CPAs:

Date of Replacement	Board of Directors resolution made on March 11, 2025			
Causes for the replacement	In coordination with the internal rotation of accountants at KPMG Taiwan, starting from the first quarter of 2025, the company's CPAs changed from Ms. Chien, Szu-Chuan and Mr. Au, Yiu-Kwan. to Ms. Huang, Keng-Chia and Mr. Au, Yiu-Kwan.			
Termination by the Company or the CPA	Party	CPA	Client	
	Condition			
	Termination by the Company		N/A	
For the most recent two years, the causes for an audit opinion other than unqualified audit opinion	Rejection of appointment			
		N/A		
Deviation from the Issuer	YES		Accounting principles or practices	
			Disclosure of financial statements	
			Audit scope or steps	
			Others	
	None			
	Description: N/A			
Additional Disclosures (under Subparagraphs 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines)	None			

(2) Information on new CPAs:

Name of CPA Firm	KPMG Taiwan
Name of CPA	Huang, Keng-Chia Au, Yiu-Kwan
Date of Appointment	Board of Directors resolution made on March 11, 2025
Inquiries into Accounting Treatments or principles for Specific Transactions and possible Opinions on Financial Statements before Appointment	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

(3) Reply from the former CPAs to the matters under Article 10, subparagraph 5, items 1 and 2-3 of the Regulations: none.

VI Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed : None.

VII The changes in the transfer or pledge of equity shares by directors, supervisors, managers, or shareholders holding more than 10% of the shares issued by the Company in the most recent year and up to the publication date of this annual report

(1) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Job title	Name	2024		Current year up to April 25	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Shareholder with 10% or more stake	Compal Electronics, Inc.				
Chairman	Compal Electronics, Inc. Representative: Wong, Chung-Pin	—	—	—	—
Director	Compal Electronics, Inc. Representative: Chen, Rui-Tsun				
Director	Compal Electronics, Inc. Representative: Wang, Yu-Ho				
Director	Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin	—	—	—	—
Independent Director	Weng, Chien-Ren	—	—	—	—
Independent	Mao, Ying-Wen	—	—	—	—

Job title	Name	2024		Current year up to April 25	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Director		—	—	—	—
Independent Director	Chen, Miao-Ling	—	—	—	—
Shareholder with 10% or more stake	Topower Co., Ltd.	—	—	—	—
President	Wang, Yu-Ho	0 (158,000)	—	—	—
Vice President	Chang, Chia-Ling	0 (308,000)	—	0 (98,000)	—
Vice President	Huang, Wei-Hsin	0 (103,000)	—	0 (22,000)	—
Chief of Division	Zhu, Yuan-Ping (Note 1)	—	—	—	—
Vice Chief of Division	He, Chung-Yu	0 (18,000)	—	0 (6,000)	—
Vice Chief of Division	Chen, Hung-Wei	—	—	—	—
Vice Chief of Division	Chen, Kuo-Hsin	20 (10,000)	—	—	—
Vice Chief of Division	Hsiao, Hsu-Shuen	0 (980)	—	—	—
Officer of Accounting and Finance	Li, Shu-Cheng	—	—	—	—
Audit Officer	Luo, Shi-Tang	—	—	—	—
Vice Chief of Division	Ho, Chen-Yu (Note 1)	—	—	—	—

Note 1: Director Zhu Yuan-Ping resigned on October 2, 2024.

Note 2: Director Ho Chen-Yu assumed office on April 2, 2025.

(2) Any counterparty in any such transfer or pledge of equity interests is a related party

- (i) Information on equity transfer: none.
- (ii) Information on equity pledge: none.

VIII、Information about the top ten shareholders with shareholding ratio, and their relationship with each other or their spouses or relatives within the second degree of kinship

April 25, 2025; Unit: shares; %

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree	Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio		
Compal Electronics, Inc. Representative: Chen, Rui-Tsun	29,060,176	43.16%	—	—	—	—	Topower Co., Ltd. Arcadyan Technology Corporation	Affiliates
Topower Co., Ltd. Representative: Tseng, Chao-Peng	13,139,637	19.51%	—	—	—	—	Compal Electronics, Inc. Arcadyan Technology Corporation	Affiliates
China Development Advantageous Venture Capital Limited Partnership Representative: CDIB Capital Co., Ltd.	4,119,000	6.12%	—	—	—	—	—	—
Rui Xin Investment Co., Ltd. Representative: Huang, Yi-Wei	3,575,000	5.31%	—	—	—	—	PacketX Investment Co. Ltd.	Affiliates
PacketX Investment Co. Ltd. Representative: Yeh, Bo-Ren	3,575,000	5.31%	—	—	—	—	Rui Xin Investment Co., Ltd.	Affiliates
Lin, Kao-Huang	2,320,000	3.45%	—	—	—	—	—	—
Wang, Yu-Ho	1,002,010	1.49%	—	—	457,000	0.68%	Jinshang Investment Co. Ltd.	The same person in charge
Arcadyan Technology Corporation Representative: Chen, Rui-Tsun	533,217	0.79%	—	—	—	—	Compal Electronics, Inc. Topower Co., Ltd.	Affiliates
Jinshang Investment Co. Ltd. Representative: Wang, Yu-Ho	457,000	0.68%	—	—	—	—	Wang, Yu-Ho	The same person in charge
	1,002,010	1.49%	—	—	—	—	—	—
Huang, Wei-Hsin	415,807	0.62%	—	—	—	—	—	—

IX、The total number of shares held and the consolidated shareholdings in any single investee by the Company, its directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company

December 31, 2024; Unit: shares; %

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio
Compal Broadband Networks Belgium BVBA	20	100%	—	—	20	100%
Compal Broadband Networks Netherlands B.V.	20	100%	—	—	20	100%
Starmems Semiconductor Corp.	1,630	9.59%	—	—	1,630	9.59%

Fundraising

I、Capital and shares

(I) Source of share capital

April 25, 2025; Unit: thousand shares; NT\$ thousand

Year/ month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of share capital	Capital increased by assets other than cash	Other
2009.08	10	20,000	200,000	10,000	100,000	Cash capital increase	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.09887916800 for reference
2011.12	10	20,000	200,000	14,840	148,400	Capitalization of earnings	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10090611910 for reference
2013.08	10	20,000	200,000	19,292	192,920	Capitalization of earnings	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10287070600 for reference
2014.08	10	60,000	600,000	25,079	250,796	Capitalization of earnings	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10387277200 for reference
2015.06	10	60,000	600,000	25,387	253,872	Conversion of subscription warrants	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10484714400 for reference
2015.08	10	60,000	600,000	33,003	330,033	Capitalization of earnings	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10486667700 for reference
2016.05	10	60,000	600,000	33,252	332,525	Conversion of subscription warrants	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10585978700 for reference
2017.01	10	60,000	600,000	53,252	532,525	Cash capital increase	None	Approved with Letter Jing-Shou-Shang-Zhi No.10601008420 for reference
2017.03	10	60,000	600,000	53,528	535,276	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10601040970 for reference
2017.06	10	60,000	600,000	54,865	548,648	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10601074300 for reference
2017.11	10	100,000	1,000,000	60,351	603,512	Capitalization of earnings	None	Approved with Letter Jing-Shou-Shang-Zhi No.10601150080 for reference
2018.07	10	100,000	1,000,000	60,490	604,897	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10701085060 for reference
2018.11	10	100,000	1,000,000	60,702	607,024	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10701141960 for reference
2018.12	10	100,000	1,000,000	66,818	668,184	Cash capital increase	None	Approved with Letter Jing-Shou-Shang-Zhi No.10701155380 for reference
2019.03	10	100,000	1,000,000	66,838	668,377	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10801030990 for reference
2019.11	10	100,000	1,000,000	66,887	668,871	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10801167250 for reference
2020.11	10	100,000	1,000,000	66,932	669,324	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10901223370 for reference
2021.01	10	100,000	1,000,000	66,970	669,704	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.11001055130 for reference
2022.01	10	100,000	1,000,000	68,470	684,704	Issuance of restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11001241670 for reference
2022.03	10	100,000	1,000,000	68,419	684,194	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11101047130 for reference
2022.05	10	100,000	1,000,000	68,405	684,049	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11101081820 for reference
2022.07	10	100,000	1,000,000	68,405	684,049	Amendment to the Articles of Incorporation	None	Approved with Letter Jing-Shou-Shang-Zhi No.11101129800 for reference
2022.08	10	100,000	1,000,000	68,381	683,808	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11101161320 for reference
2022.11	10	100,000	1,000,000	68,002	680,021	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11101221710 for reference
2023.04	10	100,000	1,000,000	67,654	676,537	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11230055520 for reference
2023.08	10	100,000	1,000,000	67,638	676,381	Cancellation of new	None	Approved with Letter Jing-Shou-Shang-Zhi

April 25, 2025; Unit: thousand shares; NT\$ thousand

Year/ month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of share capital	Capital increased by assets other than cash	Other
						restricted stock for employees		No.11230168020 for reference
2024.05	10	100,000	1,000,000	67,336	673,357	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.1130084610 for reference

April 25, 2025; Unit: shares

Share type	Authorized capital			Remarks
	Outstanding shares	Unissued share	Total	
Common share	67,335,659	32,664,341	100,000,000	Authorized shares include ten million shares for employee subscription warrants or corporate bonds with subscription right to exercise the subscription right

Note: The Company's shares were listed on November 28, 2018.

※Information Relating to the Shelf Registration System: not applicable

(II) List of Major Shareholders

April 25, 2025; Unit: shares

Names of major shareholders	Shares	Number of shares held	Shareholding (%)
Compal Electronics, Inc.		29,060,176	43.16%
Topower Co., Ltd.		13,139,637	19.51%
China Development Advantageous Venture Capital Limited Partnership		4,119,000	6.12%
Rui Xin Investment Co., Ltd.		3,575,000	5.31%
PacketX Investment Co. Ltd.		3,575,000	5.31%
Lin, Kao-Huang		2,300,000	3.45%
Wang, Yu-Ho		1,002,010	1.49%
Arcadyan Technology Corporation		533,217	0.79%
Jinshang Investment Co. Ltd.		457,000	0.68%
Huang, Wei-Hsin		415,807	0.62%

(III) Dividend policy and implementation

1. The dividend policy stipulated in the Articles of Incorporation

Pursuant to the Company's Articles of Incorporation, if there is any surplus in the Company's earnings as concluded by the annual accounting book close, after paying tax and making up for accumulated losses, 10% shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital, and the remainder shall be set aside or reversed as special reserve in accordance with the law; if there is any remaining earnings, the balance plus the accumulated undistributed earnings may be proposed by the board of directors for distribution upon the resolution of the shareholders' meeting; provided, the distribution may be exempted if the EPS is less than NT\$1.

The Company is in the stage of operation growth; the dividend distribution policy shall consider the operating environment, operating performance, and financial structures, among other things, for the distribution. No less than 10% of the distributable earnings shall be provided for shareholders' bonus; provided, the board of directors may adjust the percentage based on the overall operating conditions at that time, and submit the proposal for the resolution of shareholders' meeting. However, the cash dividends distributed to the shareholders must not be less than 10% of the sum of the cash and share dividends.

2. Dividend distribution proposed in the shareholders' meeting

The Company authorizes the board meeting attended by two-thirds or more directors, and the resolution by the majority of the attended directors, to distribute all or part of the shareholders' dividends and bonuses, in cash, and report to the shareholders' meeting.

The Company suffered accumulated losses for the year ended 2024. On March 11, 2025, the Board of Directors resolved not to distribute dividends.

3. When the dividend policy is expected to be changed materially, please described: none.

(IV) The influence of the stock dividend proposed at the shareholders' meeting on the

Company's operating performance and earnings per share: not applicable. (The Company did not disclose the financial forecast of 2024.)

(V) Employee and director's remuneration:

(I) The percentage of the profit for or scope of employee remuneration and directors' remuneration as stated in the Company's Articles of Incorporation:

The Company shall distribute no lower than 5% of the profit of the year as the employees' remunerations, and no more than 2% of the same as the directors' remunerations; however, the accumulated losses shall be offset first.

The "profit of the year" in the preceding paragraph refers to the income after the pre-tax income of the year deducting the distribution of the employees' and directors' remunerations.

The distribution of the employees' and directors' remunerations shall be resolved by the majority of the attending directors by a board meeting attended by two-thirds or more of all directors and reported to the shareholders' meeting.

The employee's remuneration may be paid in shares or cash, and the employees entitled to receive the remuneration include the employees of parents or subsidiaries of the company meeting certain specific requirements.

(II) Basis for estimation of employee remuneration and directors' and supervisors' remuneration in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount:

The Company estimates the amount of employee remuneration and director remuneration pursuant with the Articles of Incorporation, and reports to the shareholders' meeting after the deliberation of the Remuneration Committee and the resolution of the board of directors.

After the end of the year, if there is a major change in the distribution amount resolved by the board of directors before the release date of the consolidated financial report, the change will adjust the expenses in the year when the provision is made. If the amount changes after the release date of the consolidated financial report, it will be treated as the change in accounting estimates, and will be adjusted and accounted in the next year.

The Company did not estimate employee remuneration and directors' remuneration due to loss before income tax for the year ended December 31, 2024.

(III) The distribution of remuneration approved by the Board of Directors:

1. The amount of employee remuneration and director remuneration distributed in cash or share are as below:

Employee remuneration is NT\$0.

Director remuneration is NT\$0.

Where there is a difference with the estimated amount for the year, in which the expenses are recognized, the amount of difference, reason, and accounting treatment shall be disclosed: no difference from the estimated amount recognized in annual expenses.

2. The amount of employee remuneration in stock and the amount as a percentage of the sum of net income after tax as in the standalone financial statement for this period and the total employee dividends for this period: no such situation.

(IV) Actual distribution of remunerations to employees, directors, and supervisors in the previous year:

Unit: NT\$

The 2023 earnings distribution proposal	Actual distribution	Distribution proposal approved by the Board	Amount of difference	Recognized	Amount of difference
Employee remuneration	0	0	0	0	0
Directors remuneration	0	0	0	0	0

The 2023 employee and director remunerations were resolved by the board of directors on March 8, 2024, and reported to the shareholders' meeting on June 24, 2024. The actual amount distributed was identical to the estimate.

(VI) The repurchase of the Company's shares: none.

II、Issuance of corporate bonds: none.

III、Issuance of preference shares: none.

IV、Issuance of depository receipts: none.

V、Issuance of employee subscription warrants: none.

VI 、Issuance of new restricted employee shares:

1. Issuance of new restricted employee shares

May 28, 2025

Type of new restricted employee shares	2025 new restricted employee shares
Effective registration date and total number of shares	January 8, 2025
Issue date	May 28, 2025
Number of new restricted employee shares issued	1,500,000
Issue price	NT\$0 (as share dividends)
Ratio of the number of new restricted employee shares issued to the total number of issued shares	2.18%
Vesting conditions of the new restricted employee shares	<p>1. Vesting Condition 1 – Total of 1,000,000 Shares: Employees who are granted Restricted Stock Awards (RSAs) under Vesting Condition 1 shall be entitled to the respective portion of shares upon satisfying both of the following conditions at each applicable vesting date: (i) continued employment with the Company as of the vesting date, and (ii) achievement of performance rating of "B" or above for the most recent fiscal year prior to the vesting date, as assessed by the Company. The vesting schedule is as follows: 40% upon completion of one year of service; 30% upon completion of two years of service; 30% upon completion of three years of service.</p> <p>2. Vesting Condition 2 – Total of 500,000 Shares: Employees who are granted RSAs under Vesting Condition 2 shall be entitled to the respective portion of shares upon satisfying all of the following conditions at each applicable vesting date: (i) the consolidated revenue for the most recent fiscal year prior to the vesting date, as audited and certified by an independent auditor, reflects a growth of at least 20% compared to the average consolidated revenue of the preceding two fiscal years; (ii) the Company records net profit after tax for the same period; and (iii) the employee remains in service with the Company at the vesting date and receives a performance rating of "B" or above for the most recent fiscal year. The vesting schedule is as follows: 40% upon completion of one year of service; 30% upon completion of two years of service; 30% upon completion of three years of service.</p> <p>3. Employees may be granted RSAs under both Vesting Condition 1 and Vesting Condition 2 simultaneously.</p>
Rights restricted of the new restricted employee shares	<p>1. Employees shall not sell, transfer, gift, pledge, encumber, or otherwise dispose of the RSAs in any manner.</p> <p>2. Upon issuance, the RSAs shall be immediately placed into a trust account. Prior to the fulfillment of the applicable vesting conditions, employees shall not, under any circumstances or for any reason, request the return or delivery of the RSAs from the trustee. Notwithstanding the foregoing, the RSAs shall be entitled to participate in stock dividends, cash dividends, and subscriptions in capital increases. Any shares acquired as a result of such rights (e.g., stock dividends or new shares from capital increases) shall not be subject to the same vesting restrictions and shall not be considered restricted shares. Until the vesting conditions are met, all shareholder rights associated with the RSAs—including attendance at shareholders' meetings, making proposals, speaking, voting, and any other rights or entitlements—shall be exercised by the trustee on behalf of the employee.</p>
Custody of new restricted	Entrusted
Treatment of new restricted employee shares allocated or	Any Restricted Stock Awards (RSAs) granted to employees that fail to meet the applicable vesting conditions shall be forfeited in full and repurchased by the Company at no cost. The forfeited shares shall be cancelled accordingly.
Number of new restricted employee shares that have been retired or bought back	0
Number of new restricted shares that have vested	0
Number of unvested new restricted shares	1,500,000
The ratio of the number of unvested new restricted shares	0.22%

The effect on shareholders' equity	(As presented in the Board of Directors' resolution of the Company dated August 2024) As of now, the Company has 67,335,659 shares outstanding. The proposed issuance of Restricted Stock Awards (RSAs) will account for approximately 2% of the total issued shares. Based on the average closing price of NT\$27.67 per share in June 2024, the estimated compensation cost to be recognized is NT\$27.67 per share, resulting in a total estimated expense of NT\$41,505 thousand over a three-year period. Impact on Earnings Per Share and Shareholders' Equity: Based on the vesting conditions and the current number of outstanding shares, the estimated annual dilution effect on earnings per share (EPS) is approximately NT\$0.21. Such an impact is not expected to have a material adverse effect on shareholders' equity.
------------------------------------	--

Note: the issued shares are based on the issued 68,835,659 common shares as of May 28, 2025.

2. Names and Acquisition Status of Managerial Officers Who Have Acquired New Restricted Employee Shares and the Top Ten Employees Who Have Acquired New Restricted Employee Shares

May 28, 2025; Unit: thousand shares; NT\$ thousand

	Title	Name	Number of new restricted employee shares granted	Ratio of the number of new restricted employee shares granted to the total number of issued shares	Vested Restricted Shares				Unvested Restricted Shares			
					Number of vested shares	Issue price	Issue amount	Ratio of the number of vested restricted shares to the total number of issued shares	Number of unvested shares	Issue price	Issue amount	Ratio of the number of unvested restricted shares to the total number of issued shares
Managerial officers	President	Wang, Yu-Ho	735	1.07%	0	0	0	0%	735	0	0	1.07%
	Vice President	Chang, Chia-Ling										
	Vice President	Huang, Wei-Hsin										
	Vice Chief of Division	He, Chung-Yu										
	Vice Chief of Division	Chen, Hung-Wei										
	Vice Chief of Division	Chen, Kuo-Hsin										
	Vice Chief of Division	Hsiao, Hsu-Shuen										
	Audit Officer	Luo, Shi-Tang										
	Chief of Division	Ho, Chen-Yu										
Employees	Senior Manager	Yu, Huei-Ming	303	0.34%	83	0	0	0%	303	0	0	0.44%
	Project Manager	Pan, Chung-Ming										
	Vice Manager	Fan, Cheng-En										
	Vice Manager	Wang, Sheng-Yan										
	Section Chief	Chen, Yi-Ren										
	Section Chief	Fan, Chieh-Ru										
	Vice Section Chief	Kuo, Chiu-Sheng										
	Vice Section Chief	Lin, Chuan-Shun										
	Vice Section Chief	Hsieh, Yi-Yu										
	Vice Section Chief	Chen, Yi-Chi										

Note 1: the issued shares are based on the issued 68,835,659 common shares as of May 28, 2025.

Note 2: Unvested rights do not include shares retrieved and cancelled due to resignation and failure to meet the vesting conditions.

VII - Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: none.

VIII - Implementation of the capital allocation plans: none.

1. **Description of the plans: for the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: none.**
2. **Implementation: With respect to funds usage under the plans referred to in the preceding subparagraph, the annual report shall (for the period as of the quarter preceding the date of publication of the annual report) analyze the status of implementation and compare actual benefits with expected benefits. Where implementation has failed to yield the expected progress or benefits, specific reasons for such failure shall be provided, explain any effect it might have upon shareholders' equity, and outline the plan for correcting the situation: none.**

Overview of operations

The Company prepares the consolidated financial statements with 100% owned reinvested subsidiaries - Compal Broadband Networks Belgium BVBA and Compal Broadband Networks Netherlands B.V. As each subsidiary is mainly engaged in research, development and sales of smart gateways, the operation overview of each consolidated entity is the same as that of the Company.

I、Information on business

(I) Scope of business

1. The businesses operated by the Company are as below:
 - A. CC01060 Wired Communication Mechanical Equipment Manufacturing
 - B. CC01070 Wireless Communication Mechanical Equipment Manufacturing
 - C. CC01080 Electronics Components Manufacturing
 - D. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
 - E. CC01110 Computer and Peripheral Equipment Manufacturing
 - F. E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering
 - G. F113070 Wholesale of Telecommunication Apparatus
 - H. F213060 Retail Sale of Telecommunication Apparatus
 - I. F401010 International Trade
 - J. I501010 Product Designing
 - K. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Sales weight of main products

Unit: NT\$ thousand; %

Product	Year	2023		2024	
		Amount	Weight of business	Amount	Weight of business
Communication network product		732,397	62.92%	802,885	85.24%
Revenue from sales of materials and others		431,657	37.08%	139,049	14.76%
Total		1,164,054	100.00%	941,934	100.00%

3. The products (services) provided by the Company

The main business activities of the Company and its subsidiaries include research, development, and sales of communication products such as smart gateways, wireless broadband routers, fiber optic modems, and Fixed Wireless Access (FWA) equipment.

4. New products (services) planned to be developed

Based on the original technologies and products, the Company will continue to develop the following new products:

- A. Developing the DOCSIS 3.1 innovative technology smart home gateway that integrates the latest Wi-Fi 7 specifications and Mesh function, closer to the strategic goals of operator customers (high-end products have more stringent requirements for Wi-Fi specifications and user experience); regarding software, through the RDK platform, the development time is shortened, the user experience is extended, and it is able to provide highly competitive high-quality services and products to compete with competitors.
- B. Strategically cooperating with chip manufacturers to develop new products for the next generation of DOCSIS 4.0 home gateways.
- C. Committed to developing a variety of household fiber optic gateways (2.5G/10G PON ONU/HGU) and

residential Ethernet gateways, to provide operators with more diversified home network solutions.

D. Launching various LTE/5G FWA based on LTE and 5G mobile networks, allowing telecom and cable operator in Europe and the United States to customers with more diverse household broadband Internet access options.

E. To cope with the needs of smart homes and Wi-Fi Mesh, the Company will continue to develop dual-band or even triple-band Wi-Fi extenders and match them with household wireless gateways to build complete home Wi-Fi signal coverage, allowing operators' customers to enjoy enhanced user experience through high-quality Wi-Fi services.

(II) Overview of the industry

1. Current status and development of the industry

According to DataReportal's early 2025 report, global internet users have reached approximately 5.56 billion, or 67.9% of the world population. This number is projected to grow to 6.2–6.5 billion by 2030, about 75% of the global population. Internet access has become a key metric of digital development, prompting governments worldwide to invest in infrastructure and close the digital divide.

With the rapid rise of streaming, cloud services, IoT, video conferencing, and generative AI, demands for higher bandwidth, lower latency, and greater stability are accelerating broadband technology and network equipment deployment.

Major economies now view network upgrades and digital transformation as strategic priorities. The U.S. is investing over USD 65 billion under the IIJA to expand broadband access and fiber networks. Europe's "Digital Compass 2030" aims for universal gigabit access, while Japan and Korea focus on Beyond 5G and 6G. India's Digital India and BharatNet programs aim for nationwide broadband by 2025. Latin American countries are also speeding up 5G rollouts and private investment.

Globally, high-speed and scalable digital infrastructure is becoming essential for AI, smart cities, and industrial upgrades—driving structural growth in the netcom industry.

The global cable modem market is expected to grow from USD 9.43 billion in 2024 to USD 13.99 billion in 2029 (CAGR: 9.3%), fueled by strong demand from households and SMEs.

In the cable CPE segment, telecoms are shifting from basic internet devices to integrated solutions supporting Wi-Fi 6/6E/7, remote management (TR-369), and smart home features. Key applications now include:

- AI-driven bandwidth and security
- Edge AI for IoT data
- Voice assistant and smart control integration
- Home firewalls and parental controls
- Surveillance and alert systems

As digital lifestyles evolve, cable CPE is transforming into a multifunctional home digital hub, supporting the ongoing expansion of smart homes, AI appliances, streaming, and hybrid cloud access. The market is expected to grow with trends of high integration, high value, and high performance.

2. The relations between the up-, mid-, and downstream industries

The Company is a mid-stream manufacturer in the netcom industry, mainly providing R&D, production, and sales of network communication products; the upstream is mainly integrated circuit chip manufacturers, printed circuit boards and electronic components; the downstream includes network telecommunications and cable TV operators, retailers, enterprise users and general users. The Company integrates upstream and downstream R&D systems, provides integrated network system communication products, and drives the development of communication network-related platforms and industries

Upstream	Midstream	Downstream
SoC	Research, development, production and manufacture, and sales of cable modems and networking communication products.	MSO & Telecom operators
IC design		Retailers
PC		Enterprise users
PCB		General users
Memory		
Power supply		
Mechanism and package		

3. Various product development trends

In North America, especially the U.S., operators are actively rolling out DOCSIS 4.0 technology as a way to upgrade existing HFC (Hybrid Fiber-Coaxial) networks and prepare for future FTTP (Fiber to the Premises) deployment. This helps improve broadband speed and spectrum efficiency without fully replacing current infrastructure.

Meanwhile, the 5G FWA (Fixed Wireless Access) market is growing rapidly. It is expected to increase from USD 45.81 billion in 2024 to USD 175.58 billion in 2028, with a CAGR of 39.92%. The PON (Passive Optical Network) market is also set to grow from USD 15.54 billion in 2024 to USD 48.18 billion in 2032, with a CAGR of 15.2%, showing strong demand for high-speed, low-latency fiber access.

In wireless broadband, Wi-Fi 7 is gaining attention. With the rise of smart homes, streaming, hybrid work, and edge computing, demand for fast and reliable wireless connections is increasing. The Wi-Fi 7 market is expected to grow from USD 10 billion in 2024 to USD 24.2 billion by 2030, with a CAGR of 57.2%. Leading operators in Europe and the U.S. are also promoting Wi-Fi 7 and Mesh Wi-Fi with advanced CPE devices to improve user experience.

Facing rapid tech changes and intense competition, our company continues to focus on R&D, develop next-gen access and integrated terminal products, and offer unique value-added solutions. We also improve flexibility in our supply chain and manage costs to respond faster to market needs.

With our core values of “Reliable Innovation, Agile Integration, and Shared Growth,” we aim to deepen partnerships with global customers and become their top choice, while expanding our global presence.

4. Product competitions

As DOCSIS 3.1 becomes more mature, operators are increasingly seeking integrated home gateways that support Wi-Fi Mesh and the latest Wi-Fi 7. These products improve user experience and reduce support costs. Wi-Fi 7 offers higher speed, lower latency, and better performance for multi-device, 4K streaming, and cloud usage—making it key for mid-to-high-end CPE upgrades.

DOCSIS 4.0 chipsets launched in 2024, with the first CPEs expected in mid-2025. U.S. operators like Comcast and Charter are planning early deployments to boost bandwidth. However, upgrades to HFC networks (like replacing amplifiers and expanding nodes) are costly, so some operators are moving cautiously.

In wireless tech, Taiwan can design and produce WLAN chips, but still relies on global suppliers for high-end RF modules and PAs. This drives local companies to focus on strategic sourcing and system integration to improve value and supply chain flexibility.

The smart gateway market is moving toward high-end, integrated solutions. Local firms like ours, Gemtek, and Zyxel focus on design and brand partnerships, while ODMs like Foxconn and Pegatron focus on low-cost, large-scale production.

Our company will continue with “in-house design + co-development,” enhance software, remote support, and AI features, and improve supply chain and platform efficiency—creating more growth opportunities in mid-to-high-end network products.

(III) Overview of technology and R&D

A. Research and development expenses invested during the most recent fiscal year up to the date of publication of the annual report:

Unit: NT\$ thousand; %

Year	Research and development expenses	Operating revenue	Ratio of research and development expenses to operating revenue
2024	170,211	941,934	18.07%
Q1 2025	52,051	169,744	30.66%

B. Technologies or products successfully developed

1. Smart gateway with XGSPON (fiber network) and tri-band Wi-Fi 7 integration
2. Smart gateway with tri-band Wi-Fi 7 integration
3. Smart gateway with dual-band Wi-Fi 6 integration
4. Smart gateway with 5G NR and dual-band Wi-Fi 6 integration

(IV) Long-term and short-term business development plans:

1. Short-term business development plans:

- (1) Continue to develop existing customers and markets, actively expand its scale and mixes based on existing products, continuously improve technical capabilities and provide value-added services to deepen the value and position in the customer ecosystem.
- (2) Strengthen the operation management, optimize production, cost and quality and other logistics management key points, and thereby solidify the competitive advantages.

2. Long-term business development plans:

- (1) Develop value-added innovative network and smart home products, strengthen the development of new products and key technologies, provide a diversified product mixes, enhance competitiveness and timely meet customers' needs for rapid update of system specifications.
- (2) Develop jointly with chip manufacturers to ensure leading product technologies and functions, and cooperate in market development.
- (3) Develop new product lines and new market customers, effectively diversify customer and market risks, and maintain stable growth.

II、Overview of market, production, and sales

(I) Market analysis

1. Geographic areas where the main products (services) of the company are provided (supplied)

Unit: NT\$ thousand; %

Sales area	2023		2024	
	Amount	Weight (%)	Amount	Weight (%)
Europe	232,076	19.94%	162,252	17.22%
Americas	780,654	67.06%	473,025	50.22%
Asia and others	151,324	13.00%	306,657	32.56%
Total	1,164,054	100.00%	941,934	100.00%

2. Market shares

Our major clients are based in North America and Europe, including several leading MSOs with whom we have long-term partnerships. However, due to recent product line adjustments by customers, our shipment share has declined. Currently, our global market share for Cable Modem CPE stands at approximately 0.6%. As we expand further in the North American market and continue to enhance our product technology, both market share and revenue are expected to grow.

3. Demand and supply conditions for the market in the future, the market's growth potential

Looking ahead to 2025, according to forecasts by ITRI's IEK, the global networking market is expected to return to normal demand levels after inventory corrections are completed in the second half of 2024. The continued commercialization of emerging technologies such as 5G FWA, smart cities, edge computing, and Wi-Fi 7 is expected to drive the next wave of network equipment upgrades and deployments.

Following the industry adjustment period in 2023 and 2024, demand for high-performance, low-latency networking equipment in end markets has clearly rebounded, putting the global networking industry on a path of steady growth. Notably, digital transformation has become a core strategic focus for industries worldwide and will continue to drive long-term investments in network infrastructure by enterprises and governments—serving as a key growth engine for networking equipment demand in the coming years.

4. Competitive edges

The Company proposes marketing strategies based on customer needs, conducts rapid product design and development and software value-added services, and with supply chain management to facilitate effective cost control; the Company has been favored by the customers because it provides rich application functions in the market.

For future industrial planning, the Company will continue to improve software functions and applications, such as self-optimizing networks, smart bridge and smart home gateway, to help customers integrate network communication value-added products and become customers' total solution provider.

5. The favorable and unfavorable factors for future development and countermeasures

Favorable factors

(1) Professional R&D team

The R&D team has professional technical advantages. Meanwhile, the Company continuously introduces domestic and foreign advanced software and hardware systems, increases the added values of products to integrate technologies, invests in in-house research and development results and masters core technologies, to meet future market trends.

(2) Customized product design

Based on rich product experience and in-depth understanding of operator customer needs, the R&D team provides highly customized flexibility in product design, such as Airtime Management, Smart Bridg, Softblock, Wi-Fi Statistics, Radius Accounting, Mesh Wi-Fi, Cloud, among other things, to meet customers' needs for product differentiation.

Unfavorable factors and countermeasures

(1) Accelerated product replacement rate

With the diversified development of network services and the increasingly wide application range through the expansion of network bandwidth, the introduction of new functions and higher speed products will also accelerate the replacement rate and the demand for inter-substitution with other products.

Countermeasures: the Company will continue to improve its technical capabilities, monitor market trends, work closely with customers, enhance the advantages of time to market and actively cultivate mutually trustworthy and beneficial cooperation with customers.

(2) Currency fluctuation and currency exchange risk

Countermeasures: manage these risks through regular operating and financing activities, shorten the payment schedule of customers, and regularly use derivatives, such as foreign exchange forwards and swap tradings to reduce exchange risk.

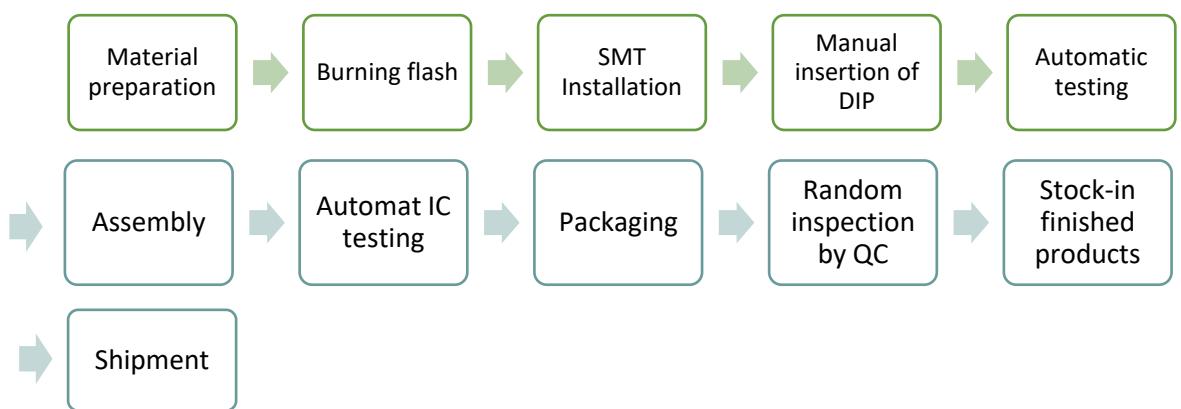
(II) Important usage and production processes of main products

(1) Important usage of main products

The Company's product business scope includes the provision of products integrating broadband, voice, wireless network, and communication network, to provide convenient network services at the user end. The Company has established a world-class leadership position with its strength regarding the network product integration accumulated over the years. By combining the professional technologies and integrated development of application platforms, the Company continuously improve and innovate the technologies, to provide complete solutions to meet customers' diversified needs for digital integration and network communication.

(2) Production process

The Company's product manufacturing process includes circuit board assembly and finished product assembly. The production process is as follows:



(III) Supply of main raw materials

The main raw material suppliers of the Company's products come from the United States, Israel, Taiwan, and China; the Company maintains good supply relationships with each supplier and signs supply contracts to stabilize the supply source and avoid material shortages. Since the Company's shipments have reached an economical scale, and it has good relationships with operator customers with technological leadership, all major chip manufacturers are willing to provide close technical services and competitive prices to meet customers' requirements for production capacity and price.

(IV) The names of clients/suppliers with purchases (sales) accounting for at least 10% of the total in any of the last two years, the amount and percentage of the purchases (sales), and reason for increase/decrease:

(1)Information of major suppliers:

Unit: NT\$ thousand

Item	2023				2024			
	Name	Amount	As a percentage of the annual net purchase (%)	Relations with the issuer	Name	Amount	As a percentage of the annual net purchase (%)	Relations with the issuer
1	Company Five	343,713	35.74%	None	Company Five	205,742	31.09%	None
2	Compal Electronics, Inc.	144,765	15.06%	Parent company	Compal Electronics, Inc.	78,122	11.81%	Parent company
4	Group Eight	10,903	1.13%	None	Group Eight	117,396	17.74%	None
5	Other	462,249	48.07%		Other	260,503	39.36%	
	Net purchase	961,630	100.00%		Net purchase	661,763	100.00%	

Reason for the change: there were no significant changes in the primary suppliers. The increase in purchases from group eight in 2024 was primarily due to customers designating specific vendors for certain components.

(2)Information of major sales

Unit: NT\$ thousand

Item	2023				2024			
	Name	Amount	As a percentage of the annual net sales (%)	Relations with the issuer	Name	Amount	As a percentage of the annual net sales (%)	Relations with the issuer
1	Group I	729,260	62.65%	None	Group I	359,494	38.17%	None
2	Group K	66,647	5.73%	None	Group A	164,811	17.50%	None
3	Group L	42,525	3.65%	None	Group L	95,196	10.11%	None
4	Company K	26,760	2.30%	None	Company K	112,950	11.99%	None
	Other	298,862	25.67%		Other	209,453	22.23%	
	Net sales	1,164,054	100.00%		Net sales	941,934	100.00%	

Reason for the change: the market competition is intense, and the performance of each customer varies. Therefore, there are differences in sales to individual customers.

III、The number, average years of service, average age, and distribution of education attainment of in-service employees during the most recent two years

Unit: persons; years old; year

Year		2023	2024	April 17.2025
Number of employees	Direct employees	—	—	—
	Indirect employees	154	94	93
	Total	154	94	93
Average age		36	37.93	38.44
Average years of service		4.1	5.44	5.54
Education distribution percentage (%)	Ph.D.	0.65%	1.06%	1.08%
	Master's degree	42.21%	37.23%	37.63%
	College	55.84%	59.57%	59.14%
	Below senior high school	1.3%	2.13%	2.15%

IV、Disbursements for environmental protection

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

The operation of the Company generates none of special pollution; therefore, there is no amount of loss or compensation from environmental pollution, and no such expenditure is expected in the future years.

V、Labor relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

1. Employee benefit plans

The Company's employee welfare plans, in addition to the entitlement of labor insurance, national health insurance, new labor pension system and employee group insurance pursuant to law, the Employee Welfare Committee is established, with the contribution of welfare funds as required; except the subsidies for weddings, funerals, illness and childbirth of employees, various sports and tourism activities, birthday celebrations and evening parties are regularly held to reconcile the physical and mental health of employees and strengthen employee interaction. In addition, the Company provides birthday gift certificates, festival gift certificates, employee health examinations, domestic and foreign travel subsidies, hospital condolences for employees and their families, lucky draw at the year-end party and other welfare plans.

To support the government's encouragement of reproduction and the Group's policy, the company grants a generous bonus to employees upon the birth of a child.

2. Continuing education, training, and implementation thereof

The Company regards the Company's employees as important assets, and values talent cultivation, to arrange professional on-the-job training courses and management courses for employees based on the needs of each function, including: internal classes and external training from time to time, to integrate internal and external resources of the enterprise, and cultivates talents in a planned way to cultivate talents with rich professional challenging abilities.

3. Retirement systems, and implementation thereof

According to the new labor retirement system of the Labor Pension Act, the Company contributes 6% of the total month salary of employees as a pension and deposit it into the individual pension account with the Bureau of Labor Insurance.

4. Status of labor-management agreements and measures for preserving employees' rights and interests

The Company values employee welfare and care, regularly holds labor-management meetings, and provides channels for employees to appeal, to maintain the smooth labor-management communication channels, so that all difficulties, needs and problems of employees can be valued and properly handled by managers at all levels.

5. Employee's code of conduct

The Company has established the "Ethical Corporate Management Best Practice Principles;" all employees of the Company should strictly observe the Company's business ethics policy when engaging in daily work and business, maintain the Company's reputation, and gain the respect and trust of customers, suppliers and other people from all society. The main contents are:

- (1) Employees should avoid any conflict or possible influence between personal interests and Company interests.
- (2) For suppliers, customers, and other people from the society related to the Company's business, the highest business ethics standards must be maintained, and any gifts, money, and entertainment must not be accepted or given to affect normal business relationships and judgments. Any form of bribery should be absolutely prohibited.
- (3) Employees of the Company shall not disclose any confidential business information or intellectual property of the Company to any other person, manufacturer or companies without authorization during their service and after resignation.
- (4) All employees are responsible for complying with this policy and related procedures. The management at all levels will fully implement and ensure that their subordinates understand, accept and observe relevant regulations.

6. Work environment and employee personal safety protection measures

Starting from designing various software and hardware facilities in the office environment, the Company deems the safety of employees the first priority, to ensure that employees to get the greatest protection when they are working. All entrances and exits of the Company are equipped with access control card reading devices. Tai Yuen Hi-Tech Industrial Park where the Company is located is equipped with AEDs, and security personnel guard the park 24 hours to ensure the personal safety of employees.

The Company's various electromechanical or fire-fighting equipment (such as fire alarms or fire extinguishers) are regularly maintained or serviced according to the specified time to ensure that they are in the best available condition.

In addition, the COVID-19 pandemic cannot be overlooked yet. To reduce the risk of employee infection, the Company has actively deployed the following pandemic prevention measures:

- (1) Prepare appropriate and sufficient pandemic containment items (such as masks, alcohol, thermometers, thermal imaging cameras, and rapid screening reagents).
- (2) Establish temperature measurement and screening measures to strengthen labor health management.
- (3) Strengthen the cleaning and disinfection of all areas of the workplace.
- (4) Strengthen education and training on workplace infection prevention and labor self-protection.
- (5) Conduct pandemic containment information investigations, monitor the personal health status of employees, and take necessary tracking and management measures.
- (6) Strengthen drills for alternative/ divided work and working from home.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

- The Company's labor relations have always been harmonious, and there has been no loss due to labor disputes, nor any loss due to labor disputes is expected in the coming years.
- Possible expenses that could be incurred currently and, in the future, and measures being or to be taken: none.

VI、Cyber security management

- **Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management**

1. Cyber security risk management:

- (1) Information security management system:

As information security is becoming increasingly important to industries nowadays, the Company's President Office and Information Unit must strengthen relevant operations pursuant to international standards, to meet relevant requirements of regulations, contracts, and customers and suppliers, while obtaining international certification to ensure the effectiveness of relevant operations.

- (2) Information security risk management framework

To maintain the Company's information security, the Company has established the Operation Management Committee, an information security management representative (dedicated personnel), a document editing team, a risk management and evaluation team, and an internal audit team to manage related information security risks. Every six months, the information security management representative reports the effectiveness of the information security management issues related to information security and the directions, to ensure its continuous suitability, appropriateness and effectiveness.

- (3) Cyber security policies:

Based on the principle of being simple, easy-to-remember, consistent to the goal of information security management, the Company disseminate the information security announcement to remind the employees with "three don'ts, four dos, and one without" as the promotion of information security.

- (4) Concrete management programs:

To strengthen the management of information security, a dedicated information security officer and staff will be appointed. Each unit implements relevant operations pursuant to the established information security policies, management procedures, operating guidelines and norms, and implementation operations with regular internal and external audits performed. The purchase of information security insurance is being measured.

- (5) Resources Invested in Information Security Management:

To enhance information security, the Company has appointed a Chief Information Security Officer and a dedicated staff member. All departments follow the established policies and procedures.

Information Security Announcements: Key updates on phishing, social engineering, major vulnerabilities, and market news are posted on the Company's intranet.

Training: All new employees receive information security training upon onboarding, ensuring they understand the rules and develop proper security awareness.

Threat Intelligence: As a member of TWCERT/CC and SP-ISAC, the Company collects threat intelligence and takes timely measures to reduce risks.

- **List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: none of such situations.**

VII、Important contracts

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Sales contract	Company A	Took effective on July 1, 2015, and either of the parties may terminate the contract upon notice to the other party 12 months in advance.	Commissioned design, R&D, and manufacture of wireless network communication product	Non-disclosure terms

Sales contract	Company B	Took effective on September 9, 2015, and either of the parties may terminate the contract upon notice to the other party 6 months in advance.	Commissioned design, R&D, and manufacture of wireless network communication product	Non-disclosure terms
Purchase contract	Compal Electronics, Inc.	Took effective on July 15, 2016, and either of the parties may terminate the contract upon notice to the other party 6 months in advance.	Commissioning the production of wireless network communication products	Non-disclosure terms

Financial Position and Financial Performance Review Analysis and Risk Management

I 、 Financial position

(I) The assets, liabilities, or equity during the past 2 fiscal years

Accounting item	Year	2024	2023	Difference	
				Amount	%
Current asset		1,330,429	1,390,982	(60,553)	(4.35)
Property, plant and equipment		124,520	159,578	(35,058)	(21.97)
Other assets		91,156	120,562	(29,406)	(24.39)
Total assets		1,546,105	1,671,122	(125,017)	(7.48)
Current liabilities		540,658	478,397	62,261	13.01
Non-current liabilities		26,683	42,066	(15,383)	(36.57)
Total liabilities		567,341	520,463	46,878	9.01
Share capital (including share capital received in advance)		673,357	676,381	(3,640)	(0.54)
Capital reserve		366,459	372,404	(5,945)	(1.60)
Retained earnings		(60,856)	105,082	(165,938)	(157.91)
Other equity		(196)	(3,208)	3,012	93.89
Total equity		978,764	1,150,659	(171,895)	(14.94)

(II) 、 The main reasons for any material change and the effect thereof

(The change is 20% or more, with amount of NT\$10 million or more)

- A. Property, plant and equipment: The decrease was mainly due to reductions in leasehold improvements and research equipment.
- B. Other Assets: The decrease was mainly due to reductions in right-of-use assets and deferred income tax assets.
- C. Non-current liabilities: due to the decreased lease liabilities.
- D. Retained earnings: the net loss of the period decreased the retained earnings.

(III) 、 The effect of material changes during the past 2 fiscal years, and the measures to be taken in response

Based on the above analysis, it can be deduced that the major changes in the Company's financial status in the past two years are the impacts from normal operating activities.

II、Financial performance

(I) Operating revenues, operating income, or income before tax during the past 2 fiscal years (consolidated)

Unit: NT\$ thousand

Item	Year	2024	2023	Amount increased (decrease)	Change percentage (%)
Net operating revenue		941,934	1,164,054	(222,120)	(19.08)
Operating costs		775,118	1,081,197	(306,079)	(28.31)
Gross operating profit		166,816	82,857	83,959	101.33
Operating expenses		309,158	401,186	(92,028)	(22.94)
Net operating profit		(142,342)	(318,329)	175,987	55.28
Non-operating income and expenses		(5,596)	12,765	(18,361)	(143.83)
Net profit before tax		(147,938)	(305,564)	157,626	51.59
Income tax expense		18,000	20,545	(2,545)	(12.39)
Net profit of the period		(165,938)	(326,109)	160,171	49.12
Other comprehensive income		2	390	(388)	(99.49)
Total comprehensive loss and profit of the period		(165,936)	(325,719)	159,783	49.06

(II) Main reason of material changes

(The change is 20% or more, with amount of NT\$10 million or more)

1. Net operating revenue, operating costs and gross operating profit: The decline in revenue was mainly due to inventory clearance and product line adjustments by key customers. However, adjustments in the product and customer mix led to a decrease in operating costs, resulting in an increase in both gross profit and gross margin.
2. Operating expenses: Operating expenses decreased due to effective cost control.
3. Non-operating income and expenses: The decrease was mainly due to a lower net gain from financial assets (liabilities) measured at fair value through profit or loss and an increase in losses from the disposal of property, plant, and equipment.
4. Net operating profit, net profit before tax, net profit for the current period, and total comprehensive income for the current period: As noted in Points 1 and 2 above, the improvement was mainly due to adjustments in product and customer mix, as well as effective control of operating expenses.

(III) Expected sales volume and the basis thereof

In the post-pandemic era, with continued investments in broadband infrastructure across regions such as the U.S., EU, and India, the networking industry is expected to see another wave of growth in 2025. However, the timing of new product launches driven by emerging technologies may affect customer demand momentum. Overall, order visibility remains limited in the first half of 2025, but based on customer pull-in schedules, business performance in the second half is expected to outperform the first half.

(IV) Possible effect upon the company's finance and operations as well as measures to be taken in response

To cope with the growth of operations, the Company has formulated appropriate financial strategies. For the capital requirement plan for the year, please refer to the liquidity analysis for the coming year in this annual report.

III 、 Cash flows (consolidated)

(I) Analysis of changes in cash flows during the most recent year

Unit: NT\$ thousand

Beginning balance of cash	Net cash flow from operating activities for the whole year	Net cash flow from investing and financing activities for the whole year	Effect from exchange rate	Amount of remaining cash	Remedial measures for cash flow deficit	
					Investing plan	Financing plan
316,940	246,759	(43,598)	2	520,103	None	None

1. Net cash inflow from operating activities: Mainly due to strengthened collection of accounts receivable.
2. Net cash outflow from investing activities: mainly due to the acquisition of property, plant and equipment.
3. Net cash outflow from financing activities: mainly due to distribution of dividends.

(II) Corrective measures to be taken in response to illiquidity: not applicable.

(III) Liquidity analysis for the coming year:

Unit: NT\$ thousand

Beginning balance of cash	Expected net cash flow from operating activities for the whole year	Expected net cash flow from investing and financing activities for the whole year	Expected amount of remaining cash	Expected remedial measures for cash flow deficit	
				Investing plan	Financing plan
520,103	174,201	(22,088)	672,216	None	None

1. Net cash inflow from operating activities: the projection of cash inflow generated from operating activities.
2. Net cash outflow from investing and financing activities: mainly the expected increased capital expenditure and payment of lease liabilities.

IV 、 Influence of major capital expenditures on finance and business in the most recent year

1. Allocation of major capital expenditures and source of capital: none.
2. Expected possible benefits: none.

V 、 Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

1. Reinvestment policy for the most recent fiscal year

The Company's reinvestment strategy is mainly to strengthen the scale of operations and focus on the development of the broadband wireless network industry, to accumulate the Company's core resources.

2. The main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability:

The reinvestment of the Company, Compal Broadband Networks Belgium BVBA and Compal Broadband Networks Netherlands B.V. generated losses due to government levies and insurance premiums before operation in the initial stage of establishment. This situation will be improved when the scale of operation is stabilized in the future.

Starmems Semiconductor is still at the initial stage of operation, the improvement is expected when the new-generation MEMS microphone is developed and the sales of such is promoted.

3. Investment plans for the coming year:

There is no investment plan with material amount in the coming year for the time being.

VI、Risks

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate during the most recent fiscal year up to the date of publication of the annual report, and response measures to be taken in the future.

1. The effect upon the company's profits (losses) of interest rate fluctuations and response measures to be taken in the future

The interest income of the Company and its subsidiaries in 2023 and 2024 was NT\$10,452 thousand and NT\$6,160 thousand, accounting for 0.90%, and 0.65%, and -3.42% and -4.16% of the revenue and net profit (loss) before tax of each period. In addition, the interest expense of the Company and its subsidiaries in 2023 and 2024 was NT\$675 thousand and NT\$583 thousand, accounting for 0.06% and 0.06%, and -0.22% and -0.39% of the revenue and net profit (loss) before tax of each period. Overall, interest rate fluctuation have no significant effect on the profits and losses of the Company and its subsidiaries. The Company maintains good credit relationships with banks, and collects interest rate related information. When the Company's operation scale expands in the future and there is a need for funds, it can obtain preferential interest rate conditions.

2. The effect upon the company's profits (losses) of exchange rate fluctuations and response measures to be taken in the future

The net exchange gain of the Company and its subsidiaries in 2024 were NT\$7,213 thousand, accounting for 0.77% of the net operating revenue. The exchange rate risk to which the Company and the subsidiaries are exposed to is the effect of fluctuating exchange rates of USD and EUR; the sensitivity analysis is as below:

- (1) When USD appreciates (depreciates) 5% against TWD, the profit and loss of 2024 will increase or decrease by NT\$1,423 thousand.
- (2) When EUR appreciates (depreciates) 5% against TWD, the profit and loss of 2024 will increase or decrease by NT\$2,234 thousand.

The specific measures taken by the Company and its subsidiaries in response to exchange rate fluctuation are as follows

- A. In addition to the natural hedging effect of the purchase and sale of goods denominated in foreign currencies, for the net foreign currency positions, the exchange rate market information, the movement, and trend forecasts are collected and evaluated by financial staff all the time, to make exchange whenever needed to lower the risk.
- B. The Company maintains close contact with major banks, to fully grasp the changes in the foreign exchange market, and provide the information to relevant personnel as a basis for quotations, for reflecting changes in exchange rates in a timely manner.
- C. The Company has established the “Operational Procedures for the Acquisition and Disposal of Assets” to regulate the operational procedures of derivative transactions. In addition, necessary measures may be taken depending on foreign currency positions and exchange rate changes to reduce the exchange rate risks arising from the Company's business operations.
- D. When sales persons offer quotations, factors arising from exchange rate fluctuation are considered together to avoid the risk of exchange rate fluctuations.

3. The effect upon the company's profits (losses) of changes in the inflation rate and response measures to be taken in the future

The profits and losses of the Company and its subsidiaries in the past have not been significantly affected by inflation. If the purchase cost increases due to inflation, the Company and its subsidiaries will also adjust the sales price in due course accordingly.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby during the most recent fiscal year up to the date of publication of the annual report; and response measures to be taken in the future

1. The policy regarding high-risk investments, highly leveraged investments, the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

During the most recent fiscal year up to the date of publication of the annual report, the Company and the subsidiaries have not engaged in high-risk and highly leveraged investment based on the principle of conservativeness and robustness. In the future, any investment made by the Company and the subsidiaries will be implemented pursuant to the internal regulations after prudential assessments.

2. The policy regarding loans to other parties, the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

During the most recent fiscal year up to the date of publication of the annual report, the Company and the subsidiaries have not loaned any funds to others. Additionally, upon the approval resolved by the shareholders' meeting, the "Operational Procedures for Loaning of Funds to Others" have been established to be complied with in the future if any fund is to be loaned to other as required by the business.

3. The policy regarding endorsements and guarantee, the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

During the most recent fiscal year up to the date of publication of the annual report, the Company and the subsidiaries have not made any endorsement/guarantee to others. Additionally, upon the approval resolved by the shareholders' meeting, the "Operational Procedures for Making Endorsement and Guarantee" have been established to be complied with in the future if any endorsement/guarantee will be made to others.

4. The policy regarding derivatives transactions, the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The carrying amounts of derivatives held by the Company and its subsidiaries on December 31, 2024 and March 31, 2025 are as follows:

	March 31, 2025	December 31, 2024
Financial liabilities held for trading		
Non-hedging derivatives		
Forward contracts of foreign exchange	\$ 148	-
Contract of foreign exchange swap	-	-
	\$ 148	-

In 2024 and the first quarter of 2025, the recognized gains(losses) from the derivative trading (including foreign exchange forwards and foreign exchange swap contracts) engaged by the Company and its subsidiaries and were NT\$5,130 thousand and NT\$148 thousand, respectively; the Company has entered contracts of derivative trading with several banks, mainly aiming to avoid the market risks that may arise from the exchange rate and interest rate fluctuations of the net positions of assets and liabilities denominated in foreign currencies. They are not used for arbitrage and speculation, so the market risk is not large. In addition, other than the regulations promulgated by competent authorities and generally accepted accounting standards, upon the approval resolved by the shareholders' meeting, the "Operational Procedures for the Acquisition and Disposal of Assets" and the "Operational Procedures for Engaging in Derivative Trading" have been established to regulate the procedures of engaging in derivative transactions.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work during the most recent fiscal year up to the date of publication of the annual report:

The future research and development plan of the Company and its subsidiaries is mainly to develop value-added innovative network and smart home products, and to strengthen the development of new products and key technologies. The growth of business scale will gradually increase the annual research and development expenses to support future research and development plans and increase market competitiveness; it is estimated the research and development expenses to be invested in 2025 will be approximately NT\$155,570 thousand.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response during the most recent fiscal year up to the date of publication of the annual report:

The Company complies with the important policies and legal changes of the competent authority on corporate governance, Company Act and Securities and Exchange Act. Moreover, the Company's operations have always been in compliance with relevant laws and regulations at home and abroad. The Company and its subsidiaries also collect information on changes in relevant policies and laws at any time, and consult relevant professionals to provide reference to the management.

(V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response during the most recent fiscal year up to the date of publication of the annual report:

The Company and its subsidiaries monitor the technology, development and changes related to the industry in which it operates and quickly grasp the industry trends. Coupled with the continuous improvement of research and development capabilities, technological changes and industrial changes will not have a major effect on the Company's finance and business.

- Information security management risk:
 1. Risk of cyber attack

The Company has established a network and computer security protection system to control or maintain important business functions such as the Company's operations and accounting, but it cannot guarantee that its computer system can completely prevent network attacks from any third-party aiming to paralyzing system. These cyber attacks invade the Company's internal network system illegally and conduct activities such as disrupting the Company's operations and damaging the Company's reputation. In the

event of a serious cyber attack, the Company's operating system may lose important company data and be shut down indefinitely due to unresolved issues under attack.

The Company reviews and evaluates its network security procedures every year to ensure its adequacy and effectiveness, but it cannot guarantee that the Company will not be affected by new risks and attacks in the ever-changing network security threats. Cyber attacks may also attempt to steal the Company's trade secrets, other intellectual property and confidential information, such as proprietary information of customers or other stakeholders, and personal information of employees. Malicious hackers can also try to introduce computer viruses, destructive software or ransomware into the Company's network system to interfere with the Company's operations, regain control over the computer system, to blackmail the Company or spy on confidential information. These attacks may cause the Company to compensate customers for losses due to delay or interruption of orders; or to undertake remedial and improvement measures at huge costs to strengthen the Company's network security system, while involving the Company in the relevant legal cases or regulatory investigations, and where the Company assumes material legal responsibility to the leakage of customer or third-party information to which the Company is obliged for confidentiality.

As of the publication date of the annual report, the Company has not discovered any major cyber attacks or incidents that have or may have a material adverse effect on the Company's business and operations, nor has it been involved in any related legal cases or regulatory investigations

2. Damage of information system

The information system structure establishes host backup and off-site data backup mechanisms based on its risk level, to reduce the risk of service interruption; the backup media is sent to off-site storage for custody, and the inspection of operating mainframes and contingency drills are enhanced to ensure the normal operation of the information system and data preservation, to reduce the risk of system interruption caused by unpredicted natural disasters and human errors, and ensure that the expected target timeframe of system recovery to be met.

To restore business as soon as possible and reduce possible losses and risks when information system damage occurs, emergency contingency drills are conducted every year to evaluate the importance of the functions, as well as the risks and impacts on operations, for planning, designing and upgrading appropriate hardware and software devices, improving operating process. For the information security risk control, the Company has established and implemented an information security management system, formulated information security policy documents to regulate the Company's information security, while regularly conducting information security risk assessments and internal and external audit for information security cycle, to ensure the effectiveness of the management system and compliance with laws and regulations.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response during the most recent fiscal year up to the date of publication of the annual report:

The Company and its subsidiaries have always insisted on the operating principles of professionalism and ethics, focusing on the core business operations, complying with laws and regulations, implementing risk control and maintaining the corporate image. As of the publication date of this annual report, the Company and its subsidiaries have not no crisis management resulted from changes in corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken during the most recent fiscal year up to the date of publication of the annual report: none.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken during the most recent fiscal year up to the date of publication of the annual report: none.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken during the most recent fiscal year up to the date of publication of the annual report:

A. Consolidation of purchase

The main operating focus of the Company and its subsidiaries is on R&D and sales. The main products are manufactured by the parent company, Compal Group, as an OEM to secure stability of supply and ensure no concern of shortage. However, the Company has been actively looking for and evaluating the possibility of cooperation with other OEMs to diversify the risk of consolidation of purchases.

B. Consolidation of sales

The business model of the Company and its subsidiaries is in-house brand promotion oriented. With excellent R&D and design capabilities, the Company can quickly provide customized products meeting customer needs. Therefore, the Company's sales targets are mainly international manufacturers, distributed in Europe, Americas, Asia and other places around the world, the two parties have close and nice business relationships and cooperation. However, in addition to continuing to stabilize existing customer sources, the Company is also actively expanding and developing new customer sources to diversify the risk of consolidated sales.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken during the most recent fiscal year up to the date of publication of the annual report: none.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken during the most recent fiscal year up to the date of publication of the annual report: none.

(XII) List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report during the most recent fiscal year up to the date of publication of the annual report: none.

(XIII) Other important risks, and mitigation measures being or to be taken: none.

VII 、 Other important matters: none.

Special items to be included

I 、 Information related to the company's affiliates

For related information, please visit the Market Observation Post System (MOPS) at https://mopsov.twse.com.tw/mops/web/t57sb01_q10, and select “Electronic Document Download / Affiliated Enterprises Disclosure Section” under the individual company tab.

II 、 Private placement of securities in the most recent year up to the publication date of this annual report: none.

III 、 Other necessary supplementary information: none.

IV 、 Any event as specified in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders' rights and interest or securities prices occurred to the Company during the most recent year and up to the publication date of this annual report: none.

Compal Broadband Networks, Inc.



Chairman: Wong, Chung-Pin



President: Wang, Yu-Ho

