

Stock Code: 6160



CIPHERLAB CO., LTD.

2025 Annual Shareholders' Meeting

Meeting Handbook

Notice to readers

This English-version meeting handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Date of the Meeting: June 24, 2025

Venue of the Meeting: R2F., No. 196, Sec. 3, Datong Rd., Xizhi Dist., New Taipei City

Table of Contents

Page

I. Meeting Procedure.....	1
II. Meeting Agenda	2
1. Reported Matters.....	3
2. Acknowledged Matters	4
3. Matters for Discussion	5
4. Election Matters	5
5. Other Proposals	6
6. Extemporaneous Motions	6
7. Adjournment.....	6
III. Annex:	
1. 2024 Business Report.....	7
2. 2024 Audit Committee's Review Report	12
3. 2024 Information on Directors' Remuneration	13
4. Revised Comparison Table of "Guidelines for Ethical Management and Conduct"	15
5. Revised Comparison Table of "Rules of Procedure for Board of Directors Meetings"	20
6. Independent Auditors' Report and 2024 Parent Company Only Financial Statement	22
7. Independent Auditors' Report and 2024 Consolidated Financial Statement	32
8. Deficit Compensation Statement	42
9. Revised Comparison Table of "Articles of Incorporation"	43
10. Nomination List of Directors and Independent Directors.....	44
IV. Appendix:	
1. Rules of Procedure for Shareholders Meetings.....	46
2. Guidelines for Ethical Management and Conduct (Pre-revised Version)	52
3. Rules of Procedure for Board of Directors Meetings (Pre-revised Version)	57
4. Articles of Incorporation (Pre-revised Version)	61
5. Rules for Election of Directors	64
6. Shareholding Status of All Directors	65

CIPHERLAB CO., LTD.

2025 Annual Shareholders' Meeting Procedures

1. Commencement of Meeting
2. Chairman's Remarks
3. Reported Matters
4. Acknowledged Matters
5. Matters for Discussion
6. Election Matters
7. Other Proposals
8. Extemporaneous Motions
9. Adjournment

CIPHERLAB CO., LTD.

2025 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m. on Tuesday, June 24, 2025

Place: R2F., No. 196, Sec. 3, Datong Rd., Xizhi Dist., New Taipei City

1. Convening Method: Physical Meeting
2. Commencement of Meeting
3. Chairman's Remarks
4. Reported Matters
 - (1) 2024 Business Report.
 - (2) 2024 Audit Committee's Review Report.
 - (3) 2024 Directors' Remuneration Report.
 - (4) Amendments to certain provisions of the Company's "Guidelines for Ethical Management and Conduct"
 - (5) Amendments to certain provisions of the Company's "Rules of Procedure for Board of Directors Meetings"
5. Acknowledged Matters
 - (1) Acknowledgment of the 2024 Business Report and Financial Statements.
 - (2) Acknowledgment of the 2024 Deficit Compensation.
6. Matters for Discussion

Amendments to certain provisions of the Company's "Articles of Incorporation"
7. Election Matters

Full re-election of Directors
8. Other Proposals

Discussion to approve the lifting of non-competition restrictions for new directors of the company
9. Extemporaneous Motions
10. Adjournment

Reported Matters

Report No. 1

2024 Business Report

Explanation:

- (1) The consolidated net operating revenue for 2024 was NT\$1,294,440 thousand, representing a decrease of 4.79% compared to 2023. The net loss after tax attributable to the Company amounted to NT\$39,103 thousand, representing an increase in loss of NT\$34,737 thousand compared to 2023. As a result, the loss per share after tax was NT\$0.57.
- (2) 2024 Business Report is attached as page 7-11, annex 1.

Report No. 2

2024 Audit Committee's Review Report

Explanation:

2024 Audit Committee's Review Report is attached as page 12, annex 2.

Report No. 3

2024 Directors' Remuneration Report

Explanation:

The distribution policy of director remuneration was in accordance with the regulation of the article of association, and the information for the director remuneration, including the remuneration policy, details and the amount of the remuneration is attached as page 13-14, annex 3.

Report No. 4

Amendments to certain provisions of the Company's "Guidelines for Ethical Management and Conduct"

Explanation:

- (1) In accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," the Company's relevant guidelines have been amended. Please refer to page 15-19, annex 4 for a comparison table of the provisions before and after the amendment.
- (2) Please refer to page 52-56, appendix 2, for the "Guidelines for Ethical Management and Conduct" before the revision.

Report No. 5

Amendments to certain provisions of the Company's "Rules of Procedure for Board of Directors Meetings"

Explanation:

- (1) In accordance with the Financial Supervisory Commission's Order No. 1120383996, which amended certain provisions of the "Regulations Governing Procedure for Board of Directors Meetings," the Company proposes to amend its own Regulations Governing Procedure for Board of Directors Meetings. Please refer to page 20-21, annex 5, for a comparison table of the provisions before and after the amendment.
- (2) Please refer to page 57-60, appendix 3, for the "Rules of Procedure for Board of Directors Meetings" before the revision.

Acknowledged Matters

Proposal No. 1

Acknowledgment of the 2024 Business Report and Financial Statements (Proposed by the Board)

Explanation:

- (1) The Company's Financial Statements for 2024, were audited by independent auditors, Yu, Meng-Kuei and Huang, Hai-Yueh of Deloitte & Touche. Besides, Business Report and Financial Statements have been approved by the audit committee and the Board on March 12, 2025.
- (2) 2024 Business Report is attached as page 7-11, annex 1.
- (3) 2024 Financial Statement is attached as page 22-41, annex 6-7.
- (4) Please acknowledge.

Resolution:

Proposal No. 2

Acknowledgment of the 2024 Deficit Compensation

(Proposed by the Board)

Explanation:

- (1) The deficit compensation plan for 2024 has been discussed and approved by the Board on March 12, 2025.
- (2) The net loss after tax of the company for 2024 was NT\$39,103,599. After deducting NT\$372,823 for income tax on determined welfare plan losses, adding the remeasurement amount of NT\$1,864,118 recognized in retained earnings, and NT\$867,967 for reversal of special surplus reserve, the loss to be offset for 2024 was NT\$36,744,337, which is set to be offset with all the amount of the statutory surplus reserves. The ending balance of the uncompensated loss would equal to NT\$0 after offsetting.
- (3) Deficit Compensation Statement is attached as page 42, annex 8.
- (4) Please acknowledge.

Resolution:

Matters for Discussion

Amendments to certain provisions of the Company's "Articles of Incorporation"

(Proposed by the Board)

Explanation:

- (1) In accordance with Article 14, Paragraph 6 of the Securities and Exchange Act, the Company shall stipulate in its Articles of Incorporation that a certain percentage of its annual earnings be allocated to adjust salaries or distribute compensation to basic-level employees. However, if the Company still has accumulated losses, such losses shall be covered first. Accordingly, the Company proposes to amend its Articles of Incorporation.
- (2) The revised comparison table of the articles is attached as page 43, annex 9.
- (3) The pre-revised version of "Articles of Incorporation" is attached as page 61-63, appendix 4.
- (4) Please discuss.

Resolution:

Election Matters

Full Re-election of Directors

(Proposed by the Board)

Explanation:

- (1) All directors of the 13th term of our company will expire on June 20, 2025. It is proposed to conduct a full re-election at this annual general meeting. According to our company's Articles of Association, 9 directors (including 4 independent directors) will be elected for the 14th term.
- (2) In accordance with the provisions of 'the Articles of Association', the election of directors shall adopt a candidate nomination system. The nomination List of for directors and independent directors is attached as page 44-45, annex 10.
- (3) Ms. CHEN, WEN-YU has served three consecutive terms as an independent director. Given her practical experience in both securities and underwriting, is familiar with relevant laws and regulations, and has experience in corporate governance, her expertise would provide significant benefits to the company while maintaining independence. Therefore, she is nominated for reappointment as an independent director.
- (4) The newly appointed directors shall assume office immediately following the shareholders' meeting, with a 3-year term from June 24, 2025 to June 23, 2028.
- (5) Please elect.

Election Result:

Other Proposals

Discussion to approve the lifting of non-competition restrictions for new directors of the company

(Proposed by the Board)

Explanation:

- (1) Article 209 of Company Act regulates that a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) Due to operational needs, it is proposed to submit to the shareholders' annual general meeting a resolution to exempt the newly elected directors and their representatives from the restrictions of Article 209 of the Company Act concerning non-competition, to facilitate business development.
- (3) In accordance with Article 209 of the Company Act, it is proposed to request the shareholders' meeting to approve the exemption of newly elected directors (including independent directors) and their representatives from the non-competition restrictions. Prior to the discussion of this matter at the shareholders' meeting, they will provide on-site supplementary explanations re-garding the scope and content of such exemptions.
- (4) Please acknowledge.

Resolution:

Extemporary Motions

Adjournment

【Annex 1】

CIPHERLAB CO., LTD. 2024 Business Report

Dear Shareholders,

Due to the impact of Russo-Ukrainian War and rising inflation on the global economic climate in 2024, and the Chinese economy is unable to show the expected recovery pace and strength, it resulted in a loss of momentum in the global economic operation. CIPHERLAB CO. has expanded its presence globally. However, due to the global market fluctuations and downturns in production and sales activities, the company's core business revenue in 2024 experienced a significant decline. Despite numerous challenges in 2024, the company is optimistic about the future market outlook, focusing on technologies such as edge computing AI, visual robots, the Internet of Things (IoT), cybersecurity, and 5G innovative applications. These technologies are being explored to gradually seek more business cooperation opportunities. Meanwhile, the company is strengthening its business team structures in various regional markets and collaborating with key partners to provide end-users with comprehensive and in-depth solutions. The company will continue to prioritize creating value and services for end-users, aiming to become the most trusted partner for user experience.

I. 2024 business report

1. Business Operational Performance

The consolidated net operating revenue for the year 2024 was NT\$1,294,440 thousand, representing a decrease of 4.79% compared to the year 2023. The net loss after tax attributable to the Company amounted to NT\$39,103 thousand, representing an increase in loss of NT\$34,737 thousand compared to 2023. As a result, the loss per share after tax was NT\$0.57.

2. Budget Execution

As the financial forecast in 2024 is not available to the public, there is no information about budget execution.

3. Revenue & Expenditure and Profitability Analysis

(Resources: consolidated financial statements)

Unit : NT\$ thousand

Year		Item	2024	2023	Difference (%)
Revenue & Expenditure		Operating Revenue	1,294,440	1,359,549	-4.79%
		Operating profit margin	503,860	498,478	1.08%
		Profit After Tax	-39,047	-4,844	706.09%
Profitability Analysis (%)		Debt Ratio: (Total Liabilities / Total Assets)	39.08	37.13	5.25%
		Long Term Funds to Fixed Assets : (Long Term Funds / Fixed Assets)	679.44	706.49	-3.83%
		Current Ratio : (Current Assets / Current Liabilities)	246.11	268.89	-8.47%
		Quick Ratio : (Liquid Assets / Current Liabilities)	91.13	110.38	-17.44%
		Return on Equity : (Profit After Tax / Average Shareholder's Equity)	-5.25	-0.62	746.77%
		Profit Margin : (Profit After Tax / Net Sales)	-3.02	-0.36	738.89%
		Earnings Per Share: (Profit After Tax – Preference Dividend)/ Weighted Average Shares Outstanding	-0.57	-0.06	850.00%

4. Research and Development Status

In 2024, global business activities began to thrive, and demands in manufacture, e-commerce, retail, warehousing, logistics continued to increase. Thus, CIPHERLAB CO. constantly put resources into the research and development of various AIDC mobile devices, sensor modules, device management systems, and various software applications. Corporates can choose suitable methods to simplify operation process and manage assets effectively based on different requirements. Now, all series of Android models comply with Google GMS and AER certification, providing enterprise users with automatic data capture products which meet information security requirements. Besides, CIPHERLAB CO. began to engage in cybersecurity certifications to provide additional protection for enterprise users.

Main products developed in 2024, including:

1. AER Mobile Data Collector:

Launching a rugged mobile computer, RS38, with a 6-inch touchscreen. In addition to being awarded with Taiwan Excellence award and Japan Good Design award, the device features robust and durable designs, equipped with high-performance processors, high capacity of memory and storage space. With high-grade dust and water resistance ratings and the design which support various scanning heads, along with faster WiFi6E data transmission, these devices are suitable for use in various environments including warehousing logistics, manufacturing, retail, healthcare, and public safety. We also introduce the RS38H to increase its applications in the healthcare field. In the 'Hospital at Home' (HaH) mode, patients can receive medical care at home, similar to what they would receive in a hospital, and thus reducing the need for hospitalization. Combined with the 'Chronic Wound Smart Care' system, the RS38H uses color, thermal, and 3D imaging along with deep learning technology to identify wound tissue, assisting healthcare professionals in remotely monitoring wound healing. Furthermore, the RS38H is designed for 24/7 clinical use, durable, easy to clean with common disinfectants, and can withstand drops from a height of 1.5 meters. The combination of these technologies helps improve nursing efficiency in the 'Hospital at Home' model, reduces the number of trips patients need to make to the hospital, and lowers the risk of hospital-acquired infections.

2. 3D Package Dimension Measurement Device:

CIPHERLAB CO. also launched the brand-new handheld package dimension measuring device in the second half of the year. It features rapid and accurate 3D measurement function. The device can seamlessly integrate into CIPHERLAB CO.'s mobile solutions, enabling efficient workflows across multiple applications. Designed specifically for logistics, retail, and warehousing sectors, the model 2565 automatically captures and transmits critical item dimensions within seconds in shipping and freight applications. This significantly reduces revenue loss due to billing errors, while also lowering the risk of disputes and damage claims. This technology will further enhance operational efficiency, protect company revenue, and strengthen customer trust.

3. In the second half of the year, we completed the conceptual verification of the temperature sensing and recording module [Proof of Concept (POC), and together with customers, advanced it to the Minimum Viable Product (MVP: optimize customer field processes)]. The temperature sensing and recording module can be utilized in the increasingly thriving cold chain transportation and distribution industry. Throughout the process from pickup to delivery of cold chain goods (such as vaccines, pharmaceuticals, and fresh produce), the temperature sensing and recording module can measure the temperature and simultaneously upload temperature records to the headquarters. This assists in addressing the need for evidence of the logistics operator, resolving the long-standing difficulties they encounter in evidence collection and liability determination.

4. NUHF RFID: The RS36 extended development of the NUHF RFID reader is an efficient and lightweight device, capable of reading over 100 tags per second, with a reading range of up to 3 meters. Equipped with 4GB of RAM and 64GB of flash memory, it ensures stable multitasking performance to meet various environmental demands. This device fully complies with the EPC Gen2 V2 standard, providing high data security assurance for warehousing, retail, and healthcare institutions, further enhancing operational efficiency and accuracy.

5. AI Assistance:

Building upon automatic license plate recognition, CIPHERLAB CO. has also addressed the needs of retail industry customers. Integrating the Scan Engine of the new generation AER product enables date object recognition for consumer products, swiftly identifying whether items are expired. Emphasizing immediacy and convenience, this reduces errors caused by human judgment and delays from backend data interpretation.

5. Research and Development Status

We constantly deepen core technologies and actively expand markets to respond to the rapid changes and emerging demands in the global Automatic Identification and Data Capture (AIDC) industry.

1. Stenghtening the product combinations and enhancing competition strength

In response to the diverse application needs across various industries, we have launched various high-performance industrial-grade mobile devices that emphasize durability, data security, and

AI-enabled capabilities. Additionally, we have expanded the application scope of 3D measurement technology, launching intelligent measurement solutions tailored for logistics, retail, and warehouse management, thereby enhancing our market competitiveness.

2. Deepening Focus on Key Markets, Expanding Global Presence

In terms of regional market expansion, we have strengthened our distribution channels in Europe, Asia-Pacific, and North America, collaborating with strategic partners to implement more precise market penetration strategies. Meanwhile, we have successfully increased our market share through localized support capabilities in Southeast Asia and Latin America, laying a solid foundation for the company's future growth.

3. Developing Ecosystem Partnerships to Enhance Customer Value

We are building closer partnerships with System Integrators (SI), Independent Software Vendors (ISV), and enterprise users. By offering dedicated resources and technical support, we assist our partners develop innovative solutions, expand product applications, and enhance customer experience and overall value.

4. Advancing New Technology Applications, Strengthening AI and Cloud Integration

We are actively investing in AI and cloud technologies to enable businesses to manage supply chain and logistics data more efficiently. By leveraging AI image recognition and machine learning technologies, we enhance accuracy and automate processes, further increasing the value of data applications. Additionally, we continue to optimize our equipment management cloud platform, allowing businesses to monitor equipment status in real-time and improve operational efficiency.

5. ESG and Sustainable Development Strategy

Our company responds to the global trend of corporate sustainability by strengthening the environmentally-friendly design of our products, reducing carbon footprints, and promoting green supply chain management. Through improving product durability and recyclability, we reduce electronic waste and actively participate in social responsibility programs, fulfilling our commitment to sustainable development.

Looking ahead to 2025, we will continue to deepen our market presence, expand our business footprint, and grow steadily to create long-term value for our shareholders.

II. Strategy for 2025 Business Development:

i. Development plan for new products and research:

1. The RK96 series scheduled to be launched in the second half of the year is an industrial-grade mobile computer specifically designed for warehousing, logistics centers, manufacturing, and cold storage environments. It is equipped with the latest Android operating system and a powerful processor to ensure efficient data processing capabilities. Additionally, the RK96 features exceptional barcode scanning function, the latest Wi-Fi 7 wireless connectivity technology, a rugged industrial-grade design, and long-lasting battery life, which provides businesses with an efficient and cost-effective solution.
2. F1 series is designed for the retail market. It features a lightweight, ergonomic form factor that can be flexibly integrated with various peripheral devices to enhance operational efficiency in both storefront and warehouse management. Its modular design supports a wide range of applications, including membership management, fast checkout, inventory audits, product receiving, picking, and delivery. Through AI technology, the F1 not only enhances the customer experience but also optimizes workflow processes. It is ideal for chain retailers, convenience stores, department stores, and logistics companies, providing businesses with an efficient and intelligent retail solution.
3. AIDC (Automatic Identification and Data Capture) technology provides an integrated solution for the retail market, including key aspects such as POS systems, self-checkout, smart inventory management, and customer identification, effectively enhancing retail operational efficiency. For example, RFID technology can be used for inventory management and product tracking, while AI visual recognition combined with CipherLab Pic'n Fill™ OCR technology supports smart inventory auditing and price tag recognition. Additionally,

self-checkout and anti-theft monitoring further optimize the customer experience and reduce losses. The integration of these technologies drives the realization of AI-powered smart stores, strengthening the competitiveness and service quality of the retail industry.

4. In the retail industry, combining fixed RFID technology and AI visual POC system, fast scanning and restocking of displayed products. The application of these technologies helps improve inventory management efficiency, reduce labor costs, and enhance customer satisfaction. Additionally, the automatic inventory counting feature after store closure ensures the accuracy of inventory data, further optimizing operational processes. The integration of these innovative technologies allows retailers to manage products more effectively, boost competitiveness, and provide customers with a better shopping experience.

ii. Market Sales Development Plan:

1. Market Sales Development Plan:

Constantly deepening global market expansion, strengthening regional sales strategies, and enhancing market penetration and brand competitiveness through innovative products and service models.

A. Deepen regional market expansion, strengthening local competitiveness

Based on market demand and industry trend, optimizing regional sales strategy:

- a. North America: Constantly focusing on the retail, automated warehousing, and logistics sectors, strengthen partnerships with large enterprises and e-commerce platforms, and enhance the value of solutions through AI smart technologies.
- b. Europe: Introducing the enterprise-grade mobile devices that prioritize both security and high performance through the data management technology that comply with GDPR regulation, strengthening existing customer relationships and developing emerging markets.
- c. Asia and Pacific Market: Focusing on manufacturing industry applications, strengthen partnerships with system integrators (SIs) and solution providers (ISVs), and promote data-driven supply chain management applications.
- d. Emerging Market (Southeast Asia, Latin America): With the support of localized technology, expanding the distributor network to enhance brand awareness and market share.

B. Expand the partner ecosystem to enhance overall sales scale and further strengthen collaboration with global SIs, ISVs, distributors, and enterprise users.

- a. Providing technical resources and joint marketing to assist partners quickly implement our products and expand application scenarios.
- b. Establishing regional professional training programs to enhance the expertise of distributors and SI partners, promoting the sales of higher-value-added solutions.
- c. Expanding cloud management platforms and data analytics applications to offer enterprise clients a more comprehensive AIDC solution, increasing product value.

C. Digital marketing and brand upgrade to strengthen market penetration:

- a. Increase customer awareness and trust in product solutions through successful case studies and product videos.
- b. Enhance the influence of digital platforms to precisely reach IT decision-makers and end users, increasing conversion rates.
- c. Collaborate with industry associations to expand enterprise-level users' recognition of our brand, enhancing market influence.

D. Product portfolio optimization and solution enhancement:

- a. Develop next-generation barcode scanning devices with high performance, low power consumption, and AI computing capabilities to meet the demands of smart logistics and retail applications.
- b. Strengthen the application of 3D measurement technology in warehouse management and e-commerce logistics to increase automation levels and improve operational efficiency.
- c. Launch solutions that integrate cloud management, mobile device management (MDM), and AI data analytics to enhance product value and customer loyalty.
- d. E. Estimated sales amount and data

The company's main revenue comes from the manufacturing and sales of industrial smartphones, data

terminals, and barcode scanning peripheral devices, as well as paid technical support and services. These can be categorized by application fields such as warehouse management, manufacturing, retail, and transportation logistics. Since the company's board has not decided to disclose forecast information, there are no expected sales figures available.

2. Factory Operations Plan:

A. Material Preparation Model: In response to global supply chain restructuring, raw material shortages, and rising costs, in addition to adjusting material preparation based on monthly business forecasts and past sales records, a Supply Chain Management (SCM) communication platform will be established. Weekly discussions will be held to serve as the basis for strategic procurement and lean material preparation decisions.

B. Production Model: Utilize different modes and advantages of in-house production and outsourced production to meet the specific requirements of order characteristics and the processing differences of various models. Prioritize in-house capacity and outsourced production configurations to achieve the most efficient production. Besides, leveraging the advantages of large-volume ODM factory production and material procurement will help reduce production costs and maximize output.

C. Inventory Rationalization: Strengthen timely control of in-transit order delivery times. and reduce the minimum order quantities (MOQ) for procurement. Enhance the quick linkage between production, sales, and inventory (PSI) information and appropriately extend the lead time for business orders to achieve effective inventory usage and reduction.

D. Smart Factory:

1. Continuously integrate information from various stages of the production process to. provide product production traceability and analysis.

2. Continuously introduce automated product production testing to improve product quality. and production efficiency.

III. Influenced by external competitive environment, regulatory environment and general economic environment:

With the introducing of new AI technology actively developing across different industries, AIDC market shows a significant growth, gradually expanding to consumer endpoints. Especially in developed markets, a strong compound annual growth rate is expected to continue! To maintain a competitive edge in the industry, CIPHERLAB CO. is actively investing in edge computing AI technologies, integrating and developing industry solutions, and strengthening the management of cloud management systems to meet user requirements. With the expected high growth and recovery in the industry, the company is ready to seize great opportunities while retaining its core competitive capabilities.

In addition to the abovementioned business strategies and policies, facing the rapidly changing market and challenges from competitors, the company will adhere to its consistent business philosophy and cautious attitude to meet these challenges to ensure the realization of the Company's main operational goal in 2025 which is the profitability. We would constantly deepen in key areas to enhance competitiveness in market and expand the sales scale globally. While steadily controlling operational risk, and changing operational methods and strategies flexibly to obtain greater profits and growth, benefiting shareholders.

We would like to express our deepest gratitude to all the shareholders for their long-term support and care for CIPHERLAB CO. We look forward to your continued encouragement and guidance in the coming year. We wish you all the best and hope that everything goes smoothly for you and your families. Thank you all very much.

Chairman: Mr. Liao, Yi-Yan General Manager: Mr. Liao, Yi-Yan Accounting Supervisor: Chang, Chia-Jung

【Annex 2】

2024 Audit Committee's Review Report

The Board has submitted the operating report, financial statements (including consolidated financial statements), and deficit compensation proposal for the year ended December 31, 2024. The financial statements (including consolidated financial statements) have been audited by Deloitte & Touche, including auditors Yu, Meng-Kuei and Huang, Hai-Yueh, who issued an audit report. The abovementioned operating report, financial statements (including consolidated financial statements), and deficit compensation proposal have been reviewed by our Audit Committee and deemed compliant. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby report the above. Please review accordingly.

To the Shareholders' Meeting of CIPHERLAB CO., LTD. in the Year 2025

Independent Director: Mr. HU, CHIU-CHIANG

Independent Director: Ms. CHEN, WEN-YU

Independent Director: Mr. YU, MING-CHANG

Independent Director: Mr. TSAI, YU-PING

March 24, 2025

【Annex 3】

2024 Information on Directors' Remuneration

Position	Name	Director's Remuneration								The total amount of A, B, C, and D, and the proportion to the net profit after tax.		Remuneration received by part-time employee								The total amount of A to G, and the proportion to the net profit after tax.		Whether received remuneration from subsidiaries or investments outside of the company, or from the parent company.
		Remuneration (A)		Retirement pension (B)		Director's Salary (C)		Operating expenses (D)				Salary, bonuses, and special allowances, etc. (E)		Retirement pension (F)		Employee's Salary (G)						
		CI-PHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	CIPHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	CIPHERLAB CO.		every company in financial report	CIPHERLAB CO.	every company in financial report		
Chairman and CEO	Representative of CIPHER MANAGEMENT INC.: Mr. LIAU, YI-YAN	0	0	0	0	0	0	50	50	50 thousand dollars -0.13%	50 thousand dollars -0.13%	3,948	3,948	0	0	0	0	0	0	3,998 thousand dollars -10.22%	3,998 thousand dollars -10.12%	None
Director	Mr. TAN, CHEN-HUAN	0	0	0	0	0	0	50	50	50 thousand dollars -0.13%	50 thousand dollars -0.13%	2,748	2,748	0	0	0	0	0	0	2,798 thousand dollars -7.16%	2,798 thousand dollars -7.16%	
Director	Mr. LIN, YUNG-FA	0	0	0	0	0	0	50	50	50 thousand dollars -0.13%	50 thousand dollars -0.13%	0	0	0	0	0	0	0	0	50 thousand dollars -0.13%	50 thousand dollars -0.13%	
Director	Mr. YEN, WEI-CHUN	0	0	0	0	0	0	50	50	50 thousand dollars -0.13%	50 thousand dollars -0.13%	0	0	0	0	0	0	0	0	50 thousand dollars -0.13%	50 thousand dollars -0.13%	
Director	Mr. YANG, KUO-LIANG	0	0	0	0	0	0	50	50	50 thousand dollars -0.13%	50 thousand dollars -0.13%	0	0	0	0	0	0	0	0	50 thousand dollars -0.13%	50 thousand dollars -0.13%	
Independent Director	Ms. CHEN, WEN-YU	0	0	0	0	0	0	530	530	530 thousand dollars -1.36%	530 thousand dollars -1.36%	0	0	0	0	0	0	0	0	530 thousand dollars -1.36%	530 thousand dollars -1.36%	
Independent Director	Mr. HU, CHIU-CHIANG	0	0	0	0	0	0	770	770	770 thousand dollars -1.97%	770 thousand dollars -1.97%	0	0	0	0	0	0	0	0	770 thousand dollars -1.97%	770 thousand dollars -1.97%	
Independent Director	Mr. YU, MING-CHANG	0	0	0	0	0	0	530	530	530 thousand dollars -1.36%	530 thousand dollars -1.36%	0	0	0	0	0	0	0	0	530 thousand dollars -1.36%	530 thousand dollars -1.36%	
Independent Director	Mr. TSAI, YU-PING	0	0	0	0	0	0	400	400	400 thousand dollars -1.02%	400 thousand dollars -1.02%	0	0	0	0	0	0	0	0	400 thousand dollars -1.02%	400 thousand dollars -1.02%	

Note: the audit committee is established

1. Policy, standards, and composition of remuneration, and procedures for establishing remuneration.

- (1) The policy and system for remuneration payment to directors and independent directors of the Company, as well as the standards and structure, are established in accordance with the provisions of Article 16 of the laws and regulations and the Company's articles of association, and the "Organization Regulations of the Compensation Committee" serve as the basis for formulating remuneration policies and assessments.
- (2) Director remuneration, as stipulated in Article 16 of the Company's articles of association, is assessed by the Compensation Committee. The remuneration for directors performing their duties is determined based on the level of participation and contribution of individual directors (including the risks assumed and time invested), taking into account the usual industry standards and overall operational performance, as well as external market factors. It is regularly reviewed and approved by the Compensation Committee and the Board of Directors to ensure reasonable compensation. Performance evaluations and salary alignment are reviewed by the Compensation Committee and the Board of Directors, and remuneration is periodically reviewed based on actual circumstances and relevant laws and regulations to achieve a balance between sustainable business operations and risk management.
- (3) Director salary, as stipulated in Article 20 of the company's articles of association, should not exceed 3% of the profits for the year, if any. Independent directors do not participate in the distribution of director remuneration. The company regularly evaluates director remuneration according to the "Board of Directors Performance Evaluation Method." Performance assessments and the reasonableness of compensation are reviewed by the Compensation Committee and the Board of Directors.
- (4) The remuneration of managers in our company is determined according to the salary guidelines, with clear provisions for various allowances and bonuses, aiming to appreciate and reward employees' efforts in their work. The related bonuses are also granted based on the company's annual operating performance, financial condition, operational status, and individual work performance. Additionally, if the company is profitable for the year, 0.5% to 10% of the profits are allocated for employee compensation in accordance with Article 20 of our company's articles of association.
- (5) The composition of remuneration paid by our company, as stipulated in the Organization Regulations of the Compensation Committee, includes cash compensation, stock options, dividend shares, retirement benefits or severance payments, various allowances, and other measures with substantial incentives. Its scope aligns with the guidelines for disclosure of director and manager remuneration in the annual reports of publicly listed companies.
- (6) In addition to the disclosed information in the table above, the remuneration received by directors for services provided during the recent fiscal year (such as serving as consultants for the parent company/all companies in the financial reports/and non-employee consultants for invested enterprises): 0 dollars.

2. The Relationship with Business Performance and Future Risks:

- (1) The review of the company's remuneration policy, relevant payment standards, and system is primarily based on the overall operating condition of the company. The payment standards are determined based on the achievement rate of performance and contribution to enhance the overall organizational effectiveness of the Board of Directors and managers. Reference is made to industry salary standards to ensure that the compensation for the company's management is competitive in the industry, aiming to retain outstanding management talents.
- (2) The performance goals of the company's managers are all combined with "risk management" to ensure that potential risks within their scope of responsibility are managed and prevented. Ratings are given based on actual performance, linking to relevant human resources and related salary remuneration policies. Important decisions made by the company's management are balanced after considering various risk factors. The performance of these decisions is reflected in the company's profitability, thereby correlating the management's compensation with the effectiveness of risk management.

【Annex 4】

**Revised Comparison Table of
“Guidelines for Ethical Management and Conduct”**

Article No.	Revised Provisions	Current Provisions	Explanation
Article 4. Responsible Unit	<p>The Company shall designate the chairman’s office as the solely responsible unit (hereinafter referred to as the "company's responsible unit") under the Board, and it is responsible for amending, implementing, interpreting, and providing advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and submit reports to the Board regularly as well:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating integrity and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in accordance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company’s operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and establishing check-and-balance mechanisms for mutual supervision of business activities with high risk of unethical behavior within the scope of operations. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistleblowing system to ensure its effectiveness. 6. Assisting the Board and management in auditing and evaluating the effectiveness of the prevention measures established for implementing ethical management, and reporting on regular assessment of compliance with ethical management in operating procedures. <u>7. Prepare and properly maintain documented information related to the integrity management policies, including compliance statements, implementation commitments, and execution status.</u> 	<p>The Company shall designate the chairman’s office as the solely responsible unit (hereinafter referred to as the "company's responsible unit") under the Board, and it is responsible for amending, implementing, interpreting, and providing advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and submit reports to the Board regularly as well:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating integrity and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in accordance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company’s operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and establishing check-and-balance mechanisms for mutual supervision of business activities with high risk of unethical behavior within the scope of operations. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistleblowing system to ensure its effectiveness. 6. Assisting the Board and management in auditing and evaluating the effectiveness of the prevention measures established for implementing ethical management, and reporting on regular assessment of compliance with ethical management in operating procedures. 	<p>According to the revised provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>
Article 10. Recusal	<p>Directors, managers, and other stakeholder of the Company attending or presenting in board meetings, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, supervisor, manager or stakeholder shall state the important aspects of the stake in the meeting. Besides, if there is a likelihood that the interests of the Company would be prejudiced, they may not participate in the discussion or vote on that proposal, shall recuse themselves from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The director shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>The spouse, blood relatives within the sec-</p>	<p>Directors, managers, and other stakeholder of the Company attending or presenting in board meetings, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, supervisor, manager or stakeholder shall state the important aspects of the stake in the meeting. Besides, if there is a likelihood that the interests of the Company would be prejudiced, they may not participate in the discussion or vote on that proposal, shall recuse themselves from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The director shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p>	<p>According to the revised provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</p>

Article No.	Revised Provisions	Current Provisions	Explanation
	<p>ond-degree relationship, or a company with a controlling or subordinate relationship with a director, who has a vested interest in the matters discussed at the aforementioned meeting, shall be considered as having a personal interest in the matter on the director's behalf.</p> <p>If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain illicit benefits the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.</p>	<p>If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain illicit benefits the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.</p>	
Article 11. Special Unit for Handling Business Se- crets	<p>The legal department of the Company is the special unit for handling business secrets. It is responsible for developing and implementing management, preservation, and confidentiality procedures for the Company's trade secrets, trademarks, patents, copyrights, and other intellectual property. It shall regularly review the implementation results to ensure the sustained effectiveness of its operating procedures</p> <p>All personnel of this company shall faithfully follow the operational directions related pertaining to intellectual properties as mentioned in the preceding paragraph, and may not disclose any trade secrets, trademarks, patents, copyrights or other intellectual properties of the Company of which they have learned to any other party, nor may they inquire about or collect any trade secrets, trademarks, patents, or other intellectual property of the Company unrelated to their individual duties.</p> <p>In conducting business activities, the Company shall comply with the Fair-Trade Act and applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories or lines of commerce</p> <p>The Company shall collect and understand the applicable laws and international standards governing its products and services which it all shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of the products and services in the course of their research and development, procurement, manufacture provision, or sale of products and services.</p> <p>The Company shall adopt and publish on its website a policy in the protection of the rights and interests of consumers or other keyholders to</p>	<p>The legal department of the Company is the special unit for handling business secrets. It is responsible for developing and implementing management, preservation, and confidentiality procedures for the Company's trade secrets, trademarks, patents, copyrights, and other intellectual property. It shall regularly review the implementation results to ensure the sustained effectiveness of its operating procedures</p> <p>All personnel of this company shall faithfully follow the operational directions related pertaining to intellectual properties as mentioned in the preceding paragraph, and may not disclose any trade secrets, trademarks, patents, copyrights or other intellectual properties of the Company of which they have learned to any other party, nor may they inquire about or collect any trade secrets, trademarks, patents, or other intellectual property of the Company unrelated to their individual duties.</p> <p>In conducting business activities, the Company shall comply with the Fair-Trade Act and applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories or lines of commerce</p> <p>The Company shall collect and understand the applicable laws and international standards governing its products and services which it all shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of the products and services in the course of their research and development, procurement, manufacture provision, or sale of products and services.</p> <p>The Company shall adopt and publish on its website a policy in the protection of the rights and interests of consumers or other keyholders to</p>	<p>According to the revised provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Article No.	Revised Provisions	Current Provisions	Explanation
	<p>prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.</p> <p>If it is reported by the media or if there are sufficient facts to determine that company's products or services may put the safety and health of consumers or other stakeholders in jeopardy, the Company shall immediately recall those products or suspend the services, verify the facts and present a review and improvement plan.</p> <p>The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken and the subsequent reviews and corrective measures to the Board.</p> <p>All personnel of the company shall comply with the Securities and Exchange Act and shall not engage in insider trading using undisclosed information of they have learned. Personnel are also prohibited from disclosing it to any other party to prevent other party from engaging in insider trading using such undisclosed information.</p> <p>Institutions or individuals outside of the company involved in any merger, demerger, acquisition, share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the company shall be required to sign a non-disclosure agreement in which they undertake not to disclose any of trade secret or other material information of the company acquired as a result, and that they may not use such information without the company's consent.</p> <p>The Company shall require its directors and senior management to issue a statement of compliance with the integrity management policy and shall include adherence to the integrity management policy as a condition of employment for all employees.</p> <p>The company shall disclose its policy of ethical management in its internal rules, annual reports, on company websites, and in other promotional materials. It shall also timely announce its policy in events held for outside parties such as product launches or investor press conferences, in order to make suppliers, customers, or other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<p>prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.</p> <p>If it is reported by the media or if there are sufficient facts to determine that company's products or services may put the safety and health of consumers or other stakeholders in jeopardy, the Company shall immediately recall those products or suspend the services, verify the facts and present a review and improvement plan.</p> <p>The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken and the subsequent reviews and corrective measures to the Board.</p> <p>All personnel of the company shall comply with the Securities and Exchange Act and shall not engage in insider trading using undisclosed information of they have learned. Personnel are also prohibited from disclosing it to any other party to prevent other party from engaging in insider trading using such undisclosed information.</p> <p>Institutions or individuals outside of the company involved in any merger, demerger, acquisition, share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the company shall be required to sign a non-disclosure agreement in which they undertake not to disclose any of trade secret or other material information of the company acquired as a result, and that they may not use such information without the company's consent.</p> <p>The company shall disclose its policy of ethical management in its internal rules, annual reports, on company websites, and in other promotional materials. It shall also timely announce its policy in events held for outside parties such as product launches or investor press conferences, in order to make suppliers, customers, or other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	
Article 14. Handling of Violations	<p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, a reward will be given depending the seriousness of the circumstance concerned. However, if any insider falsely reports or makes malicious accusations shall be subject to disciplinary action, and they may be dismissed from their position if the circumstance concerned is material.</p> <p>The Company shall internally establish and publicly announce on its website and intranet, or</p>	<p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, a reward will be given depending the seriousness of the circumstance concerned. However, if any insider falsely reports or makes malicious accusations shall be subject to disciplinary action, and they may be dismissed from their position if the circumstance concerned is material.</p> <p>The Company shall internally establish and publicly announce on its website and intranet, or</p>	<p>In accordance with the revisions to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, the provi-</p>

Article No.	Revised Provisions	Current Provisions	Explanation
	<p>provide through an independent external institution, an independent mailbox, or hotline, for insiders and outsiders of the Company to submit reports. A whistleblower shall provide at least the following information:</p> <ol style="list-style-type: none"> 1. The name, I.D. number, and an address, telephone number and e-mail address where it can be reached of the whistleblower. 2. The informed party's name or other information sufficient to distinguish its identifying features. 3. Specific evidence available for investigation. <p>Personnel of the Company handling of whistle-blowing matters shall provide a written statement promising to keep the whistleblowers identify and contents of information confidential. The Company also promises to protect whistleblowers from any improper treatment as a result of their whistleblowing.</p> <p>The responsible unit of the Company will handle the whistle-blowing matters in accordance with the following procedures:</p> <ol style="list-style-type: none"> 1. An information shall be reported to the department head if involving the rank and file and to an independent director if involving a director or a senior executive. 2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the relevant facts and, where necessary, with the assistance of the legal compliance or other related department. 3. If it is confirmed that a person being informed has indeed violated the applicable laws and regulations or the Company's policies and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to protect its reputation and its rights and interests. 4. Case acceptance, investigation process, and investigation results shall all be documented in writing and kept for five years and may be retained electronically. If a lawsuit related to the whistle-blowing case occurs before the retention period expires, the relevant information shall continue to be retained until the litigation is concluded. 5. If the whistle-blowing matters are confirmed, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures, and proposing corrective measures to prevent recurrence. 6. The responsible unit of the Company shall submit a report on the whistle-blowing case, the handling process, and the subsequent reviews and corrective measures to the Board. <p>If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall</p>	<p>provide through an independent external institution, an independent mailbox, or hotline, for insiders and outsiders of the Company to submit reports. A whistleblower shall provide at least the following information:</p> <ol style="list-style-type: none"> 1. The name, I.D. number, and an address, telephone number and e-mail address where it can be reached of the whistleblower. 2. The informed party's name or other information sufficient to distinguish its identifying features. 3. Specific evidence available for investigation. <p>Personnel of the Company handling of whistle-blowing matters shall provide a written statement promising to keep the whistleblowers identify and contents of information confidential. The Company also promises to protect whistleblowers from any improper treatment as a result of their whistleblowing.</p> <p>The responsible unit of the Company will handle the whistle-blowing matters in accordance with the following procedures:</p> <ol style="list-style-type: none"> 1. An information shall be reported to the department head if involving the rank and file and to an independent director if involving a director or a senior executive. 2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the relevant facts and, where necessary, with the assistance of the legal compliance or other related department. 3. If it is confirmed that a person being informed has indeed violated the applicable laws and regulations or the Company's policies and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to protect its reputation and its rights and interests. 4. Case acceptance, investigation process, and investigation results shall all be documented in writing and kept for five years and may be retained electronically. If a lawsuit related to the whistle-blowing case occurs before the retention period expires, the relevant information shall continue to be retained until the litigation is concluded. 5. If the whistle-blowing matters are confirmed, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures, and proposing corrective measures to prevent recurrence. 6. The responsible unit of the Company shall submit a report on the whistle-blowing case, the handling process, and the subsequent reviews and corrective measures to the Board. <p>If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall</p>	<p>sions have been adjusted and reorganized into Articles 14 and 15.</p>

Article No.	Revised Provisions	Current Provisions	Explanation
	<p>report the relevant facts to the judicial and prosecutorial authorities; if such conduct involves a public service agency or public official, the Company shall also additionally notify the governmental anti-corruption agency.</p>	<p>report the relevant facts to the judicial and prosecutorial authorities; if such conduct involves a public service agency or public official, the Company shall also additionally notify the governmental anti-corruption agency.</p> <p>The responsible unit shall organize awareness sessions each year, and arrange for the chairman, general manager, or senior management to convey the importance of ethics to the its directors, employees, and mandataries.</p> <p>The Company shall link ethical management to employee performance assessments and human resource policy, and establish clear and effective systems for rewards, penalties, and complaints.</p> <p>For any personnel seriously breaching ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.</p> <p>The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.</p>	
<p>Article 15 Internal Promotion, Establishment of Reward and Disciplinary Mechanisms, Appeal System, and Disciplinary Actions</p>	<p><u>The responsible unit shall organize awareness sessions every year, and arrange for the chairman, general manager, or senior management to convey the importance of ethics to the its directors, employees, and mandataries.</u></p> <p><u>The Company shall link ethical management to employee performance assessments and human resource policy, and establish clear and effective systems for rewards, penalties, and complaints.</u></p> <p><u>For any personnel seriously breaching ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.</u></p> <p><u>The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.</u></p>		<p><u>Newly added provision</u></p>

【Annex 5】

Revised Comparison Table of “Rules of Procedure for Board of Directors Meetings”

Article No.	Revised Provisions	Current Provisions	Basis and Reason for Amendment
Article 10	<p>Convening of the Board Meeting</p> <p>If the meeting time has arrived and half of the directors have not attended, the Chairman may announce a postponement of the meeting <u>on the same day</u>. The number of postponements is limited to two times. If the quorum is still not met after two postponements, the Chairman may reconvene the meeting following the procedure specified in Article 2, Section 2.</p> <p>The term "all directors" as mentioned in the previous paragraph refers to the directors who are currently in office.</p>	<p>Convening of the Board Meeting</p> <p>If the meeting time has arrived and half of the directors have not attended, the Chairman may announce a postponement of the meeting. The number of postponements is limited to two times. If the quorum is still not met after two postponements, the Chairman may reconvene the meeting following the procedure specified in Article 2, Section 2.</p> <p>The term "all directors" as mentioned in the previous paragraph refers to the directors who are currently in office.</p>	<p>In accordance with the publicly disclosed revised Articles of the Board of Directors Meeting Rules:</p> <p>To avoid disputes arising from uncertainty regarding the extension of board meeting times, it is hereby stipulated that when the number of attendees is insufficient, the Chairman may announce that the meeting will be postponed with the limit of postponement being until the end of the day.</p>
Article 11	<p>Discussion of Agenda Items</p> <p>The board meeting shall proceed according to the agenda set in the meeting notice. However, if agreed by a majority of the attending directors, the agenda may be changed.</p> <p>Without the consent of a majority of the attending directors, the Chairman may not unilaterally declare the meeting adjourned.</p> <p>During the meeting, if the number of attending directors is less than half of the total directors, any attending director may propose that the Chairman announce a suspension of the meeting, and the first section of the preceding article shall apply accordingly.</p> <p><u>If the Chairman is unable to preside over the meeting or does not announce the adjournment of the meeting according to the second item of this article, the appointment of a proxy shall follow the provisions of Article 8, Section 3.</u></p>	<p>Discussion of Agenda Items</p> <p>The board meeting shall proceed according to the agenda set in the meeting notice. However, if agreed by a majority of the attending directors, the agenda may be changed.</p> <p>Without the consent of a majority of the attending directors, the Chairman may not unilaterally declare the meeting adjourned.</p> <p>During the meeting, if the number of attending directors is less than half of the total directors, any attending director may propose that the Chairman announce a suspension of the meeting, and the first section of the previous article shall apply accordingly.</p>	<p>In accordance with the publicly disclosed revised Articles of the Board of Directors Meeting Rules:</p> <p>Considering that during board meetings, if the Chairman is unable to lead the meeting or fails to adjourn the meeting as required, in order to avoid disrupting the operations of the board, the method for selecting a proxy for the Chairman is hereby specified.</p>
Article 18	<p>Additional Provision</p> <p>The provisions of this set of rules and regulations, as well as any amendments, shall be approved by the Board of Directors.</p> <p>The article is set on November 7th, 2006. The 1st amendment was made on April 3rd, 2007.</p>	<p>Additional Provision</p> <p>The provisions of this set of rules and regulations, as well as any amendments, shall be approved by the Board of Directors.</p> <p>The article is set on November 7th, 2006. The 1st amendment was made on April 3rd, 2007.</p>	<p>Add date of revision of new provisions</p>

Article No.	Revised Provisions	Current Provisions	Basis and Reason for Amendment
	<p>The 2nd amendment was made on April 2nd, 2008. The 3rd amendment was made on March 30th, 2010. The 4th amendment was made on December 23rd, 2014. The 5th amendment was made on December 26th, 2017. The 6th amendment was made on March 27th, 2019. The 7th amendment was made on March 25th, 2020. The 8th amendment was made on December 28th, 2022. <u>The 9th amendment was made on March 12th, 2025.</u></p>	<p>The 2nd amendment was made on April 2nd, 2008. The 3rd amendment was made on March 30th, 2010. The 4th amendment was made on December 23rd, 2014. The 5th amendment was made on December 26th, 2017. The 6th amendment was made on March 27th, 2019. The 7th amendment was made on March 25th, 2020. The 8th amendment was made on December 28th, 2022.</p>	

【Annex 6】

Independent Auditors' Report and 2024 Parent Company Only Financial Statement

To the Board of Directors and Shareholders of CipherLab Co., Ltd.:

Audit Opinion

We have audited the accompanying balance sheets of CipherLab Co., Ltd., as of December 31, 2024 and 2023; the related statement of comprehensive income, the statement of changes in equities, and the statement of cash flows for the period of January 1 to December 31, 2024 and 2023; and notes to the financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying financial statements in all material respects, are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers; and present equitably the financial status of the CipherLab Co., Ltd. as of December 31, 2024 and 2023 and its financial performance and cash flows from January 1 to December 31, 2024 and 2023.

Basis for Opinion

We have conducted our audits entrusted by CipherLab Co., Ltd. in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under these terms and conditions will be further elaborated in the section of the Auditors' Responsibilities for the Audit of the Financial Statement in this report. Abiding by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, we have maintained objective and are independent of CipherLab Co., Ltd., and have fulfilled these ethical standards and other responsibilities. We believe that we have obtained sufficient and appropriate evidence as to the basis for our audit opinions.

Key Audit Matters

The key audit matter refers to the most important content in our audit of CipherLab Co., Ltd.'s financial statements for the year 2024 based on our professional judgment. These matters have been addressed in the process of our audit of the financial statements and in forming of the audit opinions, and we will not provide any additional view on these matters discretely.

The followings are the key audit matters for CipherLab Co., Ltd.'s financial statements for the year 2024:

Key audit matter: veracity of sales revenue recognition

The revenue of CipherLab Co., Ltd. from the sales of 3 products, RS 36, RS 38 and RK 26, for the year 2024 was NT\$626,952 thousand, accounting for 52% of the sales revenue, which had a significant impact on the financial statements. Additionally, as the management division was under the pressure of market expectations or expected to obtain the maximum profit return based on business performance, an increase in sales revenue may be a tactic to achieve the business goal. The main risk is the veracity of the sales revenue, which was consequently identified as a key audit matter.

For the accounting policy on the revenue, please refer to Note 4 (11) of the financial statements.

We understood and tested the sales revenue recognition, which is related to the effectiveness of the design and implementation of internal control, by selecting appropriate samples from the details of sales revenue for the 3 products of RS 36, RS 38 and RK 26, to examine the orders, the export declarations, and the consistency between the payment recipients and the objects of the transaction to ensure no material misstatement in the sales revenue.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing CipherLab Co., Ltd.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of CipherLab Co., Ltd.'s financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche Tohmatsu Limited

Accountant Yu, Meng-Kuei, Accountant Huang, Hai-Yueh

Securities and Futures Administration
Commission R.O.C (Taiwan) Approved
Number 1130357402

Securities and Futures Administration
Commission R.O.C (Taiwan) Approved
Number 0920131587

March 24, 2025

CIPHERLAB CO., LTD.

BALANCE SHEETS

December 31, 2024 and 2023

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Note 4 & 6)	\$ 77,242	7	\$ 135,389	12
1110	Financial assets at fair value through profit or loss – current (Note 4, 7 & 27)	9,760	1	-	-
1136	Financial assets at amortized cost (Note 4 & 29)	1,500	-	1,500	-
1150	Notes receivable (Note 4, 8 & 20)	228	-	2,485	-
1170	Accounts receivable (Note 4, 8 & 20)	147,563	13	151,070	13
1180	Accounts receivable – related parties (Note 4, 20 & 28)	58,795	5	6,300	1
1200	Other receivables (Note 4, 8 & 28)	7,655	1	29,154	3
1220	Current tax assets (Note 22)	5,959	1	5,882	-
130X	Inventories (Note 4, 5 & 9)	490,309	44	486,098	42
1479	Other current assets (Note 14)	36,456	3	41,848	4
11XX	Total current assets	<u>835,467</u>	<u>75</u>	<u>859,726</u>	<u>75</u>
	Non-current assets				
1550	Investments accounted for using equity method (Note 4 & 10)	36,518	3	69,807	6
1600	Property, plant and equipment (Note 4, 11 & 29)	120,148	10	119,781	10
1755	Right-of-use assets (Note 4 & 12)	30,988	3	7,903	1
1780	Intangible assets (Note 4 & 13)	1,794	-	4,041	-
1840	Deferred tax assets (Note 4, 5 & 22)	87,910	8	77,493	7
1990	Other non-current assets (Note 14)	8,261	1	7,241	1
15XX	Total non-current assets	<u>285,619</u>	<u>25</u>	<u>286,266</u>	<u>25</u>
1XXX	Total assets	<u>\$ 1,121,086</u>	<u>100</u>	<u>\$ 1,145,992</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 15)	\$ 130,000	12	\$ 80,000	7
2170	Accounts payable (Note 16 & 28)	59,225	5	120,683	11
2219	Other payables (Note 17 & 28)	87,788	8	94,649	8
2280	Lease liabilities – current (Note 4 & 12)	25,756	2	7,351	1
2399	Other current liabilities (Note 4, 17 & 20)	30,577	3	26,708	2
21XX	Total current liabilities	<u>333,346</u>	<u>30</u>	<u>329,391</u>	<u>29</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Note 4 & 22)	6,775	1	4,343	-
2580	Lease liabilities – non-current (Note 4 & 12)	5,480	-	618	-
2640	Net defined benefit liability – non-current (Note 4 & 18)	6,081	-	8,366	1
2670	Other non-current liabilities (Note 4, 17 & 20)	41,992	4	43,363	4
25XX	Total non-current liabilities	<u>60,328</u>	<u>5</u>	<u>56,690</u>	<u>5</u>
2XXX	Total liabilities	<u>393,674</u>	<u>35</u>	<u>386,081</u>	<u>34</u>
	Equity (Note 19)				
3110	Ordinary share capital	684,891	61	684,891	60
3210	Capital surplus	1,151	-	1,151	-
	Retained earnings				
3310	Legal reserve	73,869	6	77,998	7
3320	Special reserve	867	-	1,084	-
3350	Accumulated deficit	(37,612)	(3)	(4,346)	(1)
3300	Total retained earnings	<u>37,124</u>	<u>3</u>	<u>74,736</u>	<u>6</u>
	Other equity				
3410	Exchange differences on translation of foreign financial statements	6,426	1	1,313	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(2,180)	-	(2,180)	-
3400	Total other equity interest	<u>4,246</u>	<u>1</u>	<u>867</u>	-
3XXX	Total equity	<u>727,412</u>	<u>65</u>	<u>759,911</u>	<u>66</u>
	Total liabilities and equity	<u>\$ 1,121,086</u>	<u>100</u>	<u>\$ 1,145,992</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2024 and 2023

In Thousands of New Taiwan Dollars

Except Losses per Share

Code		2024		2023	
		Amount	%	Amount	%
	Operating revenues (Note 4, 20 & 28)				
4100	Sales revenue	\$ 1,203,247	97	\$ 1,260,304	98
4600	Service revenue	<u>41,552</u>	<u>3</u>	<u>29,733</u>	<u>2</u>
4000	Total operating revenue	<u>1,244,799</u>	<u>100</u>	<u>1,290,037</u>	<u>100</u>
	Operating costs				
5110	Cost of sales (Note 9, 21 & 28)	(796,216)	(64)	(843,494)	(66)
5600	Cost of services	(<u>2,722</u>)	<u>-</u>	(<u>1,688</u>)	<u>-</u>
5000	Total operating costs	(<u>798,938</u>)	(<u>64</u>)	(<u>845,182</u>)	(<u>66</u>)
5900	Operating profit margin	445,861	36	444,855	34
5910	Unrealized Profits on Transactions with subsidiaries (Note 4 & 10)	(36,861)	(3)	(36,635)	(3)
5920	Realized Profits on Transactions with subsidiaries (Note 4 & 10)	<u>36,635</u>	<u>3</u>	<u>34,868</u>	<u>3</u>
5950	Operating profit margin realized	<u>445,635</u>	<u>36</u>	<u>443,088</u>	<u>34</u>
	Operating expenses (Note 8, 21 & 28)				
6100	Selling expenses	(207,033)	(17)	(189,360)	(14)
6200	Administrative expenses	(47,377)	(4)	(47,482)	(4)
6300	Research and development expenses	(217,134)	(17)	(184,079)	(14)
6450	(Impairment loss) Impairment gain and reversal of im- pairment loss determined in accordance with IFRS 9	(<u>397</u>)	<u>-</u>	<u>83</u>	<u>-</u>
6000	Total operating expenses	(<u>471,941</u>)	(<u>38</u>)	(<u>420,838</u>)	(<u>32</u>)
6900	Net operating (loss) profit	(<u>26,306</u>)	(<u>2</u>)	<u>22,250</u>	<u>2</u>

(Continue)

(Previous)

Code		2024		2023	
		Amount	%	Amount	%
	Non-operating income and expenses				
7100	Interest income (Note 21)	\$ 1,095	-	\$ 2,848	-
7010	Other income (Note 21 & 28)	4,859	-	2,454	-
7020	Other gains and losses (Note 21)	13,330	1	5,562	1
7050	Financial costs (Note 21)	(3,297)	-	(2,369)	-
7070	Subsidiaries' shares of profit and loss accounted for using equity method (Note 4)	(<u>38,420</u>)	(<u>3</u>)	(<u>36,867</u>)	(<u>3</u>)
7000	Total non-operating income and expenses	(<u>22,433</u>)	(<u>2</u>)	(<u>28,372</u>)	(<u>2</u>)
7900	Loss before tax	(48,739)	(4)	(6,122)	-
7950	Income tax benefits (Note 4 & 22)	<u>9,636</u>	<u>1</u>	<u>1,756</u>	<u>-</u>
8200	Loss for the year	(<u>39,103</u>)	(<u>3</u>)	(<u>4,366</u>)	<u>-</u>
	Other comprehensive income (Note 18, 19 & 22)				
8310	Items not to be reclassified into profit or loss:				
8311	Remeasurements of defined benefit plans	1,864	-	(18)	-
8349	Income tax related to items that will not be reclassified to profit or loss	(373)	-	3	-
8360	Items that may be reclassified to profit or loss::				
8361	Exchange differences in translation of financial statements of foreign operations	6,391	-	271	-
8399	Income tax related to items that will be reclassified to profit or loss	(<u>1,278</u>)	<u>-</u>	(<u>54</u>)	<u>-</u>
8300	Total other comprehensive income (after tax)	<u>6,604</u>	<u>-</u>	<u>202</u>	<u>-</u>
8500	Total comprehensive income	(<u>\$ 32,499</u>)	(<u>3</u>)	(<u>\$ 4,164</u>)	<u>-</u>
	Losses per share (Note 23)				
9710	Basic	(<u>\$ 0.57</u>)		(<u>\$ 0.06</u>)	
9810	Diluted	(<u>\$ 0.57</u>)		(<u>\$ 0.06</u>)	

The accompanying notes are an integral part of the financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2024 and 2023

In Thousands of New Taiwan Dollars

Code		Ordinary share capital	Capital surplus	Retained Earnings			Other Equity		Total equity
				Legal reserve	Special reserve	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
A1	Balance at January 1, 2023	\$ 684,891	\$ 1,151	\$ 74,587	\$ 11,508	\$ 34,552	\$ 1,096	(\$ 2,180)	\$ 805,605
	Appropriation and distribution of 2022 earnings (Note 19)								
B1	Legal reserve appropriated	-	-	3,411	-	(3,411)	-	-	-
B5	Cash dividend attributable to shareholders of parent company	-	-	-	-	(41,093)	-	-	(41,093)
B17	Reversal of special reserve	-	-	-	(10,424)	10,424	-	-	-
D1	Net loss of 2023	-	-	-	-	(4,366)	-	-	(4,366)
D3	Other comprehensive income of 2023 (Note 19)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>217</u>	<u>-</u>	<u>202</u>
D5	Total comprehensive income of 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,381)</u>	<u>217</u>	<u>-</u>	<u>(4,164)</u>
M7	Changes in ownership of interests in subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(437)</u>	<u>-</u>	<u>-</u>	<u>(437)</u>
Z1	Balance at December 31, 2023	684,891	1,151	77,998	1,084	(4,346)	1,313	(2,180)	759,911
	Making up losses of 2023 (Note 19)								
B13	Making up losses by legal reserve	-	-	(4,129)	-	4,129	-	-	-
B17	Reversal of special reserve	-	-	-	(217)	217	-	-	-
D1	Net loss of 2024	-	-	-	-	(39,103)	-	-	(39,103)
D3	Other comprehensive income, net of tax of 2024 (Note 19)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,491</u>	<u>5,113</u>	<u>-</u>	<u>6,604</u>
D5	Total comprehensive income of 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,612)</u>	<u>5,113</u>	<u>-</u>	<u>(32,499)</u>
Z1	Balance at December 31, 2024	<u>\$ 684,891</u>	<u>\$ 1,151</u>	<u>\$ 73,869</u>	<u>\$ 867</u>	<u>(\$ 37,612)</u>	<u>\$ 6,426</u>	<u>(\$ 2,180)</u>	<u>\$ 727,412</u>

The accompanying notes are an integral part of the financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD.

STATEMENTS OF CASH FLOWS

January 1 to December 31, 2024 and 2023

In Thousands of New Taiwan Dollars

Code		2024	2023
	Cash flows from operating activities		
A10000	Loss before tax	(\$ 48,739)	(\$ 6,122)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expenses	40,154	39,915
A20200	Amortization expenses	3,099	3,627
A20300	Expected credit losses (reversal gains)	397	(83)
A20400	Losses (gains) on financial assets at fair value through profit or loss	240	(4)
A20900	Financial costs	3,297	2,369
A21200	Interest income	(1,095)	(2,848)
A22400	Subsidiaries' shares of profit and loss accounted for using equity method	38,420	36,867
A22500	Losses on disposal of property, plant, and equipment	133	299
A23700	Inventory valuation and obsolescence losses	4,481	5,811
A23900	Unrealized gains on transactions with subsidiaries	36,861	36,635
A24000	Realized gains on transactions with subsidiaries	(36,635)	(34,868)
A24100	Unrealized foreign exchange gains	(3,906)	(1,933)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily meas- ured at fair value through profit or loss	(10,000)	4
A31130	Notes receivable	2,257	(1,682)
A31150	Accounts receivable	10,162	46,481
A31160	Accounts receivable – related parties	(51,629)	18,760
A31180	Other receivables	21,792	27,385
A31200	Inventories	(8,692)	15,234
A31240	Other current assets	5,392	(2,655)
A32150	Accounts payable	(64,790)	14,313
A32180	Other payables	(7,615)	(26,081)
A32220	Other current liabilities	3,869	5,807
A32240	Net defined benefit liabilities	(421)	(416)
A32990	Other non-current liabilities	(337)	(419)
A33000	Cash flows from operations	(63,305)	176,396
A33100	Interest received	1,095	2,964
A33500	Income tax paid	(77)	(11,727)
AAAA	Net cash flows generated from (used in) operating activities	(62,287)	167,633

(Continue)

(Previous)

Code		2024	2023
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	(\$ 9,574)	(\$ 16,219)
B02800	Disposal of property, plant and equipment	-	16
B04500	Acquisition of intangible assets	(852)	(1,580)
B06700	Increase in other non-current assets	(7,969)	(10,049)
BBBB	Net cash flows used in investing activities	(18,395)	(27,832)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	50,000	-
C00200	Decrease in short-term borrowings	-	(80,000)
C04020	Repayment of lease liabilities	(23,906)	(22,914)
C04500	Cash dividends paid	-	(41,093)
C05400	Acquisition of equity of subsidiaries	-	(7,000)
C05600	Interests paid	(3,327)	(2,361)
CCCC	Net cash flows generated from (used in) financing activities	22,767	(153,368)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(232)	1,732
EEEE	Net decrease in cash and cash equivalents	(58,147)	(11,835)
E00100	Cash and cash equivalents at beginning of the year	135,389	147,224
E00200	Cash and cash equivalents at end of the year	\$ 77,242	\$ 135,389

The accompanying notes are an integral part of the financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

【Annex 7】

Independent Auditors' Report and 2024 Consolidated Financial Statement

To the Board of Directors and Shareholders of CipherLab Co., Ltd.:

Audit Opinion

We have audited the accompanying consolidated balance sheets of CipherLab Co., Ltd. and its subsidiaries (hereinafter “the consolidated company”), as of December 31, 2024 and 2023; the related consolidated statement of comprehensive income, the consolidated statement of changes in equities, and the consolidated statement of cash flows for the period of January 1 to December 31, 2024 and 2023; and notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements in all material respects, are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers; and present equitably the consolidated financial status of the consolidated company as of December 31, 2024 and 2023 and its consolidated financial performance and cash flows from January 1 to December 31, 2024 and 2023.

Basis for Opinion

We have conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under these terms and conditions will be further elaborated in the section of the Auditors' Responsibilities for the Audit of the Financial Statement in this report. Abiding by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, we have maintained objective and are independent of the consolidated company, and have fulfilled these ethical standards and other responsibilities. We believe that we have obtained sufficient and appropriate evidence as to the basis for our audit opinions.

Key Audit Matters

The key audit matter refers to the most important content in our audit of the consolidated company's consolidated financial statements for the year 2024 based on our professional judgment. These matters have been addressed in the process of our audit of the consolidated financial statements and in forming of the audit opinions, and we will not provide any additional view on these matters discretely.

The followings are the key audit matters for the consolidated company's consolidated financial statements for the year 2024:

Key audit matter: veracity of sales revenue recognition

The revenue of the consolidated company from the sales of 3 products, RS 36, RS 38 and RK 26, for the year 2024 was NT\$482,102 thousand, accounting for 39% of the consolidated sales revenue, which had a significant impact on the consolidated financial statements. Additionally, as the management division was under the pressure of market expectations or expected to obtain the maximum profit return based on business performance, an increase in sales revenue may be a tactic to achieve the business goal. The main risk is the veracity of the sales revenue, which was consequently identified as a key audit matter.

For the accounting policy on the revenue, please refer to Note 4 (11) of the consolidated financial statements.

We understood and tested the sales revenue recognition, which is related to the effectiveness of the design and implementation of internal control, by selecting appropriate samples from the details of sales revenue for the 3 products of RS 36, RS 38 and RK 26, to examine the orders, the export declarations, and the consistency between the payment recipients and the objects of the transaction to ensure no material misstatement in the sales revenue.

Other Matters

We have also audited CipherLab Co., Ltd.'s parent company only financial statements for the year ended December 31, 2024 and 2023, on which we have issued an unqualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the consolidated company's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless management either intends to liquidate the consolidated company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the consolidated company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the consolidated company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the consolidated company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the consolidated company's audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated company's consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche Tohmatsu Limited

Accountant Yu, Meng-Kuei, Accountant Huang, Hai-Yueh

Securities and Futures Administration
Commission R.O.C (Taiwan) Approved
Number 1130357402

Securities and Futures Administration
Commission R.O.C (Taiwan) Approved
Number 0920131587

March 24, 2025

CIPHERLAB CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Note 4 & 6)	\$ 129,690	11	\$ 182,770	15
1110	Financial assts at fair value through profit or loss - current (Note 4 & 7)	9,760	1	-	-
1136	Financial assets at amortized cost (Note 4 & 29)	1,500	-	1,500	-
1150	Notes receivable (Note 4, 8 & 20)	228	-	2,485	-
1170	Accounts receivable (Note 4, 8 & 20)	189,117	16	176,098	15
1200	Other receivables (Note 4 & 7)	6,635	1	29,162	2
1220	Current tax assets (Note 22)	5,959	-	5,882	-
130X	Inventories (Note 4, 5 & 9)	539,289	45	527,417	44
1479	Other current assets (Note 14)	43,864	4	43,971	4
11XX	Total current assets	<u>926,042</u>	<u>78</u>	<u>969,285</u>	<u>80</u>
	Non-current assets				
1600	Property, plant and equipment (Note 4, 11 & 29)	120,304	10	119,989	10
1755	Right-of-use assets (Notes 4 & 12)	48,917	4	27,214	2
1780	Intangible assets (Note 4 & 13)	1,794	-	4,041	-
1840	Deferred tax assets (Notes 4, 5 & 22)	87,910	7	80,022	7
1990	Other non-current assets (Note 14)	8,691	1	7,642	1
15XX	Total non-current assets	<u>267,616</u>	<u>22</u>	<u>238,908</u>	<u>20</u>
1XXX	Total assets	<u>\$ 1,193,658</u>	<u>100</u>	<u>\$ 1,208,193</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 15)	\$ 130,000	11	\$ 80,000	7
2170	Accounts payable (Note 16 & 28)	59,225	5	121,129	10
2219	Other payables (Note 17)	92,562	8	97,478	8
2280	Lease liabilities – current (Note 4 & 12)	27,999	2	9,251	1
2320	Long-term borrowing with maturity under 1 year (Note 15)	-	-	983	-
2399	Other current liabilities (Note 17 & 20)	66,483	5	51,642	4
21XX	Total current liabilities	<u>376,269</u>	<u>31</u>	<u>360,483</u>	<u>30</u>
	Non-current liabilities				
2540	Long-term borrowings (Note 15)	-	-	2,295	-
2570	Deferred tax liabilities (Note 4 & 22)	6,775	1	4,343	-
2580	Lease liabilities – non-current (Note 4 & 12)	24,899	2	21,190	2
2640	Net defined benefit liability – non-current (Note 4 & 18)	6,081	1	8,366	1
2670	Other non-current liabilities (Note 17 & 20)	52,486	4	51,925	4
25XX	Total non-current liabilities	<u>90,241</u>	<u>8</u>	<u>88,119</u>	<u>7</u>
2XXX	Total liabilities	<u>466,510</u>	<u>39</u>	<u>448,602</u>	<u>37</u>
	Equity attributable to owners of parent company (Note 19)				
3110	Ordinary share capital	684,891	58	684,891	57
3210	Capital surplus	1,151	-	1,151	-
	Retained earnings				
3310	Legal reserve	73,869	6	77,998	6
3320	Special reserve	867	-	1,084	-
3350	Accumulated deficit	(37,612)	(3)	(4,346)	-
3300	Total retained earnings	<u>37,124</u>	<u>3</u>	<u>74,736</u>	<u>6</u>
	Other equity				
3410	Exchange differences on translation of foreign financial statements	6,426	-	1,313	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(2,180)	-	(2,180)	-
3400	Total other equity interest	<u>4,246</u>	<u>-</u>	<u>(867)</u>	<u>-</u>
31XX	Total equity interest attributable to owners of parent company	<u>727,412</u>	<u>61</u>	<u>759,911</u>	<u>63</u>
36XX	Non-controlling interest	(264)	-	(320)	-
3XXX	Total equity interest	<u>727,148</u>	<u>61</u>	<u>759,591</u>	<u>63</u>
	Total liabilities and equity	<u>\$ 1,193,658</u>	<u>100</u>	<u>\$ 1,208,193</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to December 31, 2024 and 2023

In Thousands of New Taiwan Dollars
Except Losses per Share

Code		2024		2023	
		Amount	%	Amount	%
	Operating revenues (Note 4 & 20)				
4100	Sales revenue	\$ 1,228,551	95	\$ 1,310,531	96
4600	Service revenue	<u>65,889</u>	<u>5</u>	<u>49,018</u>	<u>4</u>
4000	Total operating revenue	<u>1,294,440</u>	<u>100</u>	<u>1,359,549</u>	<u>100</u>
	Operating costs				
5110	Cost of sales (Note 9, 21 & 28)	(788,597)	(61)	(859,383)	(63)
5600	Cost of services	(<u>1,983</u>)	(<u>-</u>)	(<u>1,688</u>)	(<u>-</u>)
5000	Total operating costs	(<u>790,580</u>)	(<u>61</u>)	(<u>861,071</u>)	(<u>63</u>)
5900	Operating profit margin	<u>503,860</u>	<u>39</u>	<u>498,478</u>	<u>37</u>
	Operating expenses (Note 21)				
6100	Selling expenses	(271,343)	(21)	(256,120)	(19)
6200	Administrative expenses	(71,026)	(6)	(67,409)	(5)
6300	Research and development expenses	(217,988)	(17)	(188,133)	(14)
6450	Impairment (loss) and reversal gain of impairment loss determined in accordance with IFRS 9 (Note 8)	(<u>943</u>)	(<u>-</u>)	(<u>3,237</u>)	(<u>1</u>)
6000	Total operating expenses	(<u>561,300</u>)	(<u>44</u>)	(<u>508,425</u>)	(<u>37</u>)
6900	Net operating loss	(<u>57,440</u>)	(<u>5</u>)	(<u>9,947</u>)	(<u>-</u>)
	Non-operating income and expenses (Note 21)				
7100	Interest income	1,222	-	3,139	-
7010	Other income (Note 24)	1,276	-	2,245	-
7020	Other gains and losses	13,515	1	1,996	-
7050	Financial costs	(<u>4,593</u>)	(<u>-</u>)	(<u>3,777</u>)	(<u>-</u>)
7000	Total non-operating income and expenses	<u>11,420</u>	<u>1</u>	<u>3,603</u>	<u>-</u>
7900	Loss before tax	(46,020)	(4)	(6,344)	-
7950	Income tax benefits (Note 4 & 22)	<u>6,973</u>	<u>1</u>	<u>1,500</u>	<u>-</u>
8200	Loss for the year	(<u>39,047</u>)	(<u>3</u>)	(<u>4,844</u>)	(<u>-</u>)
	(Continue)				

(Previous)

Code		2024		2023	
		Amount	%	Amount	%
	Other comprehensive income (Note 18, 19 & 22)				
8310	Items not to be reclassified into profit or loss:				
8311	Remeasurements of defined benefit plans	\$ 1,864	-	(\$ 18)	-
8349	Income tax related to items that will not be reclassi- fied to profit or loss	(373)	-	3	-
8360	Items that may be reclassi- fied to profit or loss::				
8361	Exchange differences in translation of financial statements of foreign oper- ations	6,391	-	271	-
8399	Income tax related to items that will be reclassified to profit or loss	(1,278)	-	(54)	-
8300	Total other comprehensive income (after tax)	6,604	-	202	-
8500	Total comprehensive income	(\$ 32,443)	(3)	(\$ 4,642)	-
	Loss attributable to:				
8610	Owners of parent company	(\$ 39,103)	(3)	(\$ 4,366)	-
8620	Non-controlling interests	56	-	(478)	-
8600		(\$ 39,047)	(3)	(\$ 4,844)	-
	Comprehensive income attributa- ble to:				
8710	Owners of parent company	(\$ 32,499)	(3)	(\$ 4,164)	-
8720	Non-controlling interests	56	-	(478)	-
8700		(\$ 32,443)	(3)	(\$ 4,642)	-
	Losses per share (Note 23)				
9710	Basic	(\$ 0.57)		(\$ 0.06)	
9810	Diluted	(\$ 0.57)		(\$ 0.06)	

The accompanying notes are an integral part of the consolidated financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
January 1 to December 31, 2024 and 2023

In Thousands of New Taiwan Dollars

		Equities attributable to owners of parent company									
							Other Equity				
		Retained Earnings					Exchange differ- ences on transla- tion of foreign financial state- ments	Unrealized gains (losses) on finan- cial assets meas- ured at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
Code		Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Accumulated deficit					
A1	Balance at January 1, 2023	\$ 684,891	\$ 1,151	\$ 74,587	\$ 11,508	\$ 34,552	\$ 1,096	(\$ 2,180)	\$ 805,605	(\$ 279)	\$ 805,326
	Appropriation and distribution of 2022 earnings (Note 19)										
B1	Legal reserve appropriated	-	-	3,411	-	(3,411)	-	-	-	-	-
B5	Cash dividend attributable to shareholders of parent company	-	-	-	-	(41,093)	-	-	(41,093)	-	(41,093)
B17	Reversal of special reserve	-	-	-	(10,424)	10,424	-	-	-	-	-
D1	Net loss of 2023	-	-	-	-	(4,366)	-	-	(4,366)	(478)	(4,844)
D3	Other comprehensive income, net of tax of 2023 (Note 19)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>217</u>	<u>-</u>	<u>202</u>	<u>-</u>	<u>202</u>
D5	Total comprehensive income of 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,381)</u>	<u>217</u>	<u>-</u>	<u>(4,164)</u>	<u>(478)</u>	<u>(4,642)</u>
M7	Changes in ownership of interests in subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(437)</u>	<u>-</u>	<u>-</u>	<u>(437)</u>	<u>437</u>	<u>-</u>
Z1	Balance at December 31, 2023	684,891	1,151	77,998	1,084	(4,346)	1,313	(2,180)	759,911	(320)	759,591
	Making up losses of 2023 (Note 19)										
B13	Making up losses by legal reserve	-	-	(4,129)	-	4,129	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(217)	217	-	-	-	-	-
D1	Net loss of 2024	-	-	-	-	(39,103)	-	-	(39,103)	56	(39,047)
D3	Other comprehensive income, net of tax of 2024 (Note 19)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,491</u>	<u>5,113</u>	<u>-</u>	<u>6,604</u>	<u>-</u>	<u>6,604</u>
D5	Total comprehensive income of 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,612)</u>	<u>5,113</u>	<u>-</u>	<u>(32,499)</u>	<u>56</u>	<u>(32,443)</u>
Z1	Balance at December 31, 2024	<u>\$ 684,891</u>	<u>\$ 1,151</u>	<u>\$ 73,869</u>	<u>\$ 867</u>	<u>(\$ 37,612)</u>	<u>\$ 6,426</u>	<u>(\$ 2,180)</u>	<u>\$ 727,412</u>	<u>(\$ 264)</u>	<u>\$ 727,148</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, 2024 and 2023

In Thousands of New Taiwan Dollars

Code		2024	2023
	Cash flows from operating activities		
A10000	Loss before tax	(\$ 46,020)	(\$ 6,344)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expenses	42,900	43,854
A20200	Amortization expenses	3,099	4,598
A20300	Expected credit impairment loss (reversal gain)	943	(3,237)
A20400	Losses (gains) on financial assets at fair value through profit or loss	240	(4)
A20900	Financial costs	4,593	3,777
A21200	Interest income	(1,222)	(3,139)
A22500	Losses on disposal of property, plant, and equipment	133	577
A23500	Losses on impairment of intangible assets	-	2,745
A23700	Inventory valuation and obsoles- cence losses	4,481	10,798
A24100	Unrealized foreign exchange gains	(2,981)	(2,022)
A29900	Gains on lease modification	-	(3)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily meas- ured at fair value through profit or loss	(10,000)	4
A31130	Notes receivable	2,257	(1,682)
A31150	Accounts receivable	(12,079)	60,631
A31180	Other receivables	22,527	27,355
A31200	Inventories	(9,193)	21,643
A31240	Other current assets	268	569
A32150	Accounts payable	(65,236)	14,637
A32180	Other payables	(5,662)	(27,139)
A32220	Other current liabilities	14,841	3,830
A32240	Net defined benefit liabilities	(421)	(416)
A32990	Other non-current liabilities	<u>561</u>	<u>2,769</u>
A33000	Cash flows from operations	(55,971)	153,801
A33100	Interest received	1,222	3,255
A33500	Income tax paid	(<u>77</u>)	(<u>11,727</u>)
AAAA	Net cash flows generated from (used in) operating activities	(<u>54,826</u>)	<u>145,329</u>

(Continue)

(Previous)

Code		2024	2023
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	(\$ 9,623)	(\$ 16,293)
B02800	Disposal of property, plant and equipment	-	16
B04500	Acquisition of intangible assets	(852)	(1,580)
B06700	Increase in other non-current assets	(7,971)	(9,772)
BBBB	Net cash flows used in investing activities	(18,446)	(27,629)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	50,000	-
C00200	Decrease in short-term borrowings	-	(80,000)
C01700	Repayment for long-term borrowings	(3,278)	(722)
C04020	Repayment of lease liabilities	(26,223)	(26,035)
C04500	Cash dividends paid	-	(41,093)
C05600	Interest paid	(4,628)	(3,769)
CCCC	Net cash flows generated from (used in) financing activities	15,871	(151,619)
DDDD	Effect of exchange rate changes on cash and cash equivalents	4,321	(90)
EEEE	Net decrease in cash and cash equivalents	(53,080)	(34,009)
E00100	Cash and cash equivalents at beginning of the year	182,770	216,779
E00200	Cash and cash equivalents at end of the year	\$ 129,690	\$ 182,770

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Liao, Yi-Yan

Manager: Liao, Yi-Yan

Accounting: Chang, Chia-Jung

【Annex 8】

CIPHERLAB CO., LTD.
Deficit Compensation Statement
For the year ended Dec. 31, 2024

Unit: NT dollar

Item	Amount	Note
Undistributed Retained Earnings of Previous Years	-	
Less: Net Loss after tax in 2024	(39,103,599)	
Less: Recognition of the remeasurement of the defined benefit plan recorded in retained earnings	(372,823)	
Add: Reverse Special Surplus Reserve	1,864,118	
Add: Tax on actuarial gains and losses of defined benefit plan	867,967	
Total Distributable Loss	(36,744,337)	
Distribution Items:		
Loss offsetted by the statutory surplus reserves	36,744,337	
Ending Balance of Undistributed Retained Earning	0	
Note: 1. In the event of a share buyback, transfer or cancellation of treasury shares, conversion of convertible bonds, or exercise of employee stock options, which affects the outstanding shares, the dividend distribution ratio may be adjusted accordingly. The Board is authorized to handle such matters.		

Chairman: Mr. Liao, Yi-Yan General Manager: Mr. Liao, Yi-Yan Accounting Supervisor: Chang, Chia-Jung

【Annex 9】

Revised Comparison Table of “Articles of Incorporation”

Article No.	Revised Provisions	Current Provisions	Basis and Reason for Amendment
Article 20	<p>The Company shall allocate 0.5% to 10% of its annual profits for employee compensation, and no more than 3% for director compensation, if any profit is made in the fiscal year.</p> <p>However, if the Company has accumulated losses, the losses must be made up first, and then employee and director compensation can be allocated according to the percentage as in the preceding paragraph.</p> <p><u>Of the amount of employee compensation mentioned in the previous paragraph, no less than 30% shall be allocated for the compensation of entry-level employees.</u></p> <p>Employee compensation as in the preceding paragraph can be paid in the form of stocks or cash, and it includes employees of subsidiary companies meeting certain criteria. Director compensation can only be paid in cash.</p> <p>The provisions of proceeding two paragraphs shall be resolved by the Board and reported to the shareholders' meeting.</p>	<p>The Company shall allocate 0.5% to 10% of its annual profits for employee compensation, and no more than 3% for director compensation, if any profit is made in the fiscal year.</p> <p>However, if the Company has accumulated losses, the losses must be made up first, and then employee and director compensation can be allocated according to the percentage as in the preceding paragraph.</p> <p>Employee compensation as in the preceding paragraph can be paid in the form of stocks or cash, and it includes employees of subsidiary companies meeting certain criteria. Director compensation can only be paid in cash.</p> <p>The provisions of proceeding two paragraphs shall be resolved by the Board and reported to the shareholders' meeting.</p>	<p>In accordance with the amendment to Article 14, Section 6 of the Securities and Exchange Act, the company shall specify in its Articles of Association a certain percentage of annual earnings to be allocated for adjusting the salaries or distributing compensation to grassroots employees.</p>
Article 24	<p>The article is set on October 4th, 1988.</p> <p>The 1st amendment was made on June 5th, 1994.</p> <p>The 2nd amendment was made on September 1st, 1994.</p> <p>The 3rd amendment was made on March 9th, 1996.</p> <p>The 4th amendment was made on September 3rd, 1996.</p> <p>The 5th amendment was made on August 20th, 1997.</p> <p>The 6th amendment was made on April 5th, 1998.</p> <p>The 7th amendment was made on September 3rd, 1998.</p> <p>The 8th amendment was made on June 16th, 1999.</p> <p>The 9th amendment was made on June 22nd, 2000.</p> <p>The 10th amendment was made on May 3rd, 2001.</p> <p>The 11th amendment was made on June 5th, 2002.</p> <p>The 12th amendment was made on May 28th, 2003.</p> <p>The 13th amendment was made on May 28th, 2003.</p> <p>The 14th amendment was made on June 15th, 2004.</p> <p>The 15th amendment was made on May 25th, 2005.</p> <p>The 16th amendment was made on May 25th, 2005.</p> <p>The 17th amendment was made on April 25th, 2006.</p> <p>The 18th amendment was made on May 15th, 2007.</p> <p>The 19th amendment was made on May 16th, 2008.</p> <p>The 20th amendment was made on May 15th, 2009.</p> <p>The 21st amendment was made on May 11th, 2010.</p> <p>The 22nd amendment was made on May 18th, 2011.</p> <p>The 23rd amendment was made on June 25th, 2015.</p> <p>The 24th amendment was made on June 21st, 2016.</p> <p>The 25th amendment was made on June 25th, 2019.</p> <p>The 26th amendment was made on August 24th, 2021.</p> <p>The 27th amendment was made on June 21st, 2022.</p> <p><u>The 28th amendment was made on June 24th, 2025.</u></p>	<p>The article is set on October 4th, 1988.</p> <p>The 1st amendment was made on June 5th, 1994.</p> <p>The 2nd amendment was made on September 1st, 1994.</p> <p>The 3rd amendment was made on March 9th, 1996.</p> <p>The 4th amendment was made on September 3rd, 1996.</p> <p>The 5th amendment was made on August 20th, 1997.</p> <p>The 6th amendment was made on April 5th, 1998.</p> <p>The 7th amendment was made on September 3rd, 1998.</p> <p>The 8th amendment was made on June 16th, 1999.</p> <p>The 9th amendment was made on June 22nd, 2000.</p> <p>The 10th amendment was made on May 3rd, 2001.</p> <p>The 11th amendment was made on June 5th, 2002.</p> <p>The 12th amendment was made on May 28th, 2003.</p> <p>The 13th amendment was made on May 28th, 2003.</p> <p>The 14th amendment was made on June 15th, 2004.</p> <p>The 15th amendment was made on May 25th, 2005.</p> <p>The 16th amendment was made on May 25th, 2005.</p> <p>The 17th amendment was made on April 25th, 2006.</p> <p>The 18th amendment was made on May 15th, 2007.</p> <p>The 19th amendment was made on May 16th, 2008.</p> <p>The 20th amendment was made on May 15th, 2009.</p> <p>The 21st amendment was made on May 11th, 2010.</p> <p>The 22nd amendment was made on May 18th, 2011.</p> <p>The 23rd amendment was made on June 25th, 2015.</p> <p>The 24th amendment was made on June 21st, 2016.</p> <p>The 25th amendment was made on June 25th, 2019.</p> <p>The 26th amendment was made on August 24th, 2021.</p> <p>The 27th amendment was made on June 21st, 2022.</p>	<p>Add date of revision of new provisions</p>

【Annex 10】

**Nomination List of
Directors and Independent Directors**

No.	Nominees' category	Nominees' name	Major education, experience	Shares owned
1	Director	Representative of CIPHER MANAGEMENT INC.: Mr. Liao, Yi-Yan	<u>Education</u> National Tsing Hua University – Institute of Nuclear Engineering and Science University of Washington – Master of Mechanical Engineering National Cheng Chi University – Business Administration Program <u>Experience</u> CipherLab Co., Ltd. – Chairman and General Manager Cipher Management Inc. – Person In Charge CipherLab USA, Inc. – Director ACE MOTORS INC. – Director Mplus Technology Co., Ltd. – Chairman	6,706,934
2	Director	Mr. TAN, CHEN-HUAN	<u>Education</u> National Tsing Hua University – Institute of Nuclear Engineering and Science <u>Experience</u> CipherLab Co., Ltd. – Deputy General Manager CipherLab USA, Inc. – Director CipherLab Limited(SAMOA) – Director CipherLab Electron Trade (Shanghai) Limited Company – Chairman Mplus Techonlogy Co., Ltd. – Director	1,386,215
3	Director	Mr. LIN, YUNG-FA	<u>Education</u> Tamkang University – Department of Business Administration <u>Experience</u> Kwang Yuan Investment Co., Ltd. – Director	6,613,376
4	Director	Mr. YEN, WEI-CHUN	<u>Education</u> The City University of New York – Master of Business Administration <u>Experience</u> AtechOEM Inc. – Vice Chairman Machvision Inc. – Director AAEON Technology (Suzhou) Inc. – Legal Representative Qi Ye Dian Zi (Dongguan) You Xian Gong Si – Legal Representative Outstanding Electronics Manufacturer (Danyang) Co., Ltd. – Legal Representative CipherLab Co., Ltd. – Director Atech Technology (Yichang) Electronics Ltd. – Legal Representative Growing Profits Group Limited – Director and Legal Representative Outstanding Electronics Manufacturer Group Co.,Ltd. – Director and Legal Representative ATECH Technology (SAMOA) Ltd. – Director and Legal Representative QQE Technology Co., Ltd. – Director Top Union Electronics Corp. – Independent Director	16,000
5	Director	Mr. HU, CHIU-CHIANG	<u>Education</u> National Chiao Tung University – Doctor of Management of Technology Da-Yeh University – Master of Business Administration National Cheng Chi University – Business Administration Program National Chiao Tung University – Bachelor of Communication Engineering <u>Experience</u> Weikeng Industrial Co., Ltd. – Chairman and Chief Strategy Officer Wei Ji Investment Co., Ltd. – Chairman Weikeng International Co., Ltd. – Chairman Weikeng Technology Pte Ltd. – Chairman	0

No.	Nominees' category	Nominees' name	Major education, experience	Shares owned
5	Director	Mr. HU, CHIU-CHIANG	Weikeng Technology Co., Ltd. – Chairman V-TAC Technology Co., Ltd. – Independent Director and Member of the Compensation Committee CipherLab Co., Ltd. – Independent Director, Member of the Compensation Committee, Audit Committee, Corporate Governance and Nomination Committee, and Sustainability Development Committee. Promate Electronic Co., Ltd. – Director Promate Solutions Corporation – Director (Legal Representative of Promate Electronic Co., Ltd.) AMAZING MICROELECTRONIC CORP. – Director Evga Corporation – Supervisor Weikeng Industrial Co., Ltd. – Member of the Nomination Committee and Sustainability Development Committee	
6	Independent Director	Mr. YU, MING-CHANG	<u>Education</u> National Tsing Hua University – Master of Mechanical Engineering <u>Experience</u> Stark Technology, Inc. – Director Machvision, Inc. – Director Aspeed Technology Inc. – Legal Representative AtechOEM Inc. – Director CipherLab Co., Ltd. – Independent Director Autovision Tec Co., Ltd. – Director ChipAI Co., LTD. – Director	540,000
7	Independent Director	Ms. CHEN, WEN-YU	<u>Education</u> National Taiwan University – EMBA of Department of Finance National Cheng Chi University – EMBA of Department of Business Management National Cheng Chi University – Bachelor of Accounting <u>Experience</u> Hua Nan Financial Holdings Co., Ltd. – Deputy General Manager of Underwriting Business Department and Supervisor of International Affairs of Hua Nan Securities CipherLab Co., Ltd. – Independent Director, Member of the Compensation Committee, Corporate Governance and Nomination Committee, and Sustainability Development Committee	0
8	Independent Director	Mr. TSAI, YU-PING	<u>Education</u> Santa Clara University – Doctor of Law National Cheng Chi University – 15th Business Administration Program <u>Experience</u> Meitong Limited – Chairman Allianz Group – Chief Strategy Officer President Property Insurance Co., Ltd. – General Manager President Securities CO., Ltd. – General Manager Baker & McKenzie Law Firm – Lawyer Diepenbrock, Wulff, Plant & Hannegan Law Firm – Lawyer National Chung Hsing University – Associate Professor of Department of Law Welldone Company – Independent Director Hydroionic Technology Co., Ltd. – Director and General Manager CellMax Life – Director	0
9	Independent Director	Ms. TSENG, SHU-LING	<u>Education:</u> National Chiao Tung – 77th class of department of computer science <u>Experience</u> Richtek Technology Co., Ltd. (MediaTek Group.) – Senior Manager of Information Technology Cynotec Co., Ltd. (Delta Group) – Senior Manager of Information Technology	0

【Appendix 1】

CIPHERLAB CO., LTD.

Rules of Procedure for Shareholders Meetings

Article 1. The Board of CIPHERLAB CO. is required to comply with this regulation unless otherwise provided by law.

Article 2. Shareholders attending the shareholders' meeting shall sign the attendance book, and the number of shares they hold will be calculated based on the attendance register or the sign-in card they submit, as well as the number of shares reported through the virtual meeting platform. The number of shares exercised by written or electronic means shall also be counted.

Article 2-1. Shareholders may issue a power of attorney form, printed by the Company, specifying the scope of authorization at each shareholders' meeting, and the authorized agent may attend the shareholders' meeting.

Each shareholder is limited to issue one power of attorney form and authorize one agent, and it shall be sent to the Company five days before the shareholders' meeting. If there are multiple power of attorneys delivered, the first one received shall prevail. However, this does not apply to the person who revokes the previous power of attorney.

Once the power of attorney form is received, shareholders intending to attend the shareholders' meeting in person or exercise their voting rights by written or electronic means shall submit a written notice to the Company to revoke the power of attorney at least two days before the shareholders' meeting. If fail to make the revocation by the deadline, the authorize agent exercise of voting rights on behalf of the shareholder shall prevail.

After the power of attorney form is delivered to the Company, shareholders intending to attend the shareholders' meeting online shall submit a written notice to the Company to revoke the power of attorney; if fail to make revocation by the deadline, the authorize agent exercise of voting rights on behalf of the shareholder shall prevail.

Article 3. The attendance and voting at the shareholders' meeting shall be based on the number of shares held.

Article 3-1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company convene shareholders' meeting, electronic, as well as written means shall be adopted to exercise voting rights; when exercising voting rights by written or electronic means, the method of exercise shall be stated in the notice of the shareholders' meeting. Shareholders who exercise their voting rights by written and electronic means is considered attending the shareholders' meeting in person.

However, with respect to the extraordinary motions and amendments to the original motions for the shareholders' meeting, they will be deemed as abstentions, so the Company shall avoid proposing extraordinary motions and amendments to the original motions.

Shareholders who exercise their voting rights by written and electronic means shall submit their statement two days before the shareholders' meeting. If there are multiple statements delivered, the first one received shall prevail. However, this does not apply to the person who revokes the previous statement.

After shareholders exercised their voting rights by written or electronic means, if they intend to attend the shareholders' meeting in person or online, they shall revoke the statement with the same way they exercised voting rights at least two days before the shareholders' meeting; if fail to make the revocation by the deadline, the vote exercised in writing or electronically shall prevail. If a shareholder authorizes an agent to attend the shareholder' meeting on his behalf and exercise voting rights in writing or electronically, the vote exercised by the agent attending the shareholders' meeting shall prevail.

Voting on proposals, unless otherwise provided by the Company Act or articles of association, shall be deemed approved with the consent of more than half of the voting rights of the shareholders present. During the vote, the total number of voting rights of the attending shareholders shall be announced by the chairman or a designated person for each proposal, and the shareholders shall vote on each proposal. The results of the shareholders' agreement, objection, and abstention shall be input into the MOPS (Market Observation Post System) on the day of the shareholders' meeting.

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

The supervisors and vote counters for the voting on proposals shall be designated by the chairman, but the supervisors shall be a shareholder. The vote counting process for the voting or election proposals at the shareholders' meeting shall be conducted in public at the meeting venue and the voting results, in-

cluding the total number of votes, shall be announced on the spot and recorded.

In the case of a virtual shareholders' meeting, shareholders who participate online shall vote on each proposal and election proposal through the virtual meeting platform after the chairman announces the start of the shareholders' meeting and shall be completed before the chairman announces the end of the voting period. Those who fail to do so within the specified time shall be deemed to have forfeited their voting rights.

For a virtual-only meeting, the vote count and the results of the voting and election shall be announced after a single tally after the chairman announced the end of the voting period.

For a hybrid meeting, shareholders who have registered to attend the shareholders' meeting online in accordance with Article 5-1, but intend to attend the physical shareholders' meeting in person, shall cancel their registration in the same way as the registration process no later than two days prior to the shareholders' meeting. If the cancellation is made after the deadline, the shareholder can only attend the shareholders' meeting online.

For shareholders who have exercised their voting rights in writing or electronically and have not made revocation and have participated in the shareholders' meeting online, they shall not exercise their voting rights or propose amendments to the original proposal or any revised proposals, except for any extraordinary motions.

Article 4. Unless otherwise provided by law, the shareholders' meeting of the Company shall be convened by the Board.

Any change in the manner of convening the shareholders' meeting shall be resolved by the Board and made before the notice of the shareholders' meeting is sent out.

The Company shall prepare the notice of the shareholders' meeting, the power of attorney form, the reasons and explanatory materials related to proposals, discussion, election or discharge of directors and other matters for submission to the MOPS in electronic file format 30 days before the regular shareholders' meeting or 15 days before the special shareholders' meeting. The Company shall also prepare the meeting agenda handbook and supplemental materials for submission to the MOPS in electronic file format 21 days before the regular shareholders' meeting or 15 days before the special shareholders' meeting. However, in case the aggregated shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the regular shareholders' meeting in the most recent fiscal year, it shall upload the electronic file as in the preceding paragraph by 30 days prior to the day on which the regular shareholders' meeting is to be held. The meeting agenda handbook and supplemental materials shall be prepared and made available to shareholders 15 days before the shareholders' meeting. In addition, they shall be displayed at the Company and its designated stock registrar and transfer agent. Meeting agenda handbook and supplemental materials as in the preceding paragraph shall be provided to shareholders for review by the following means on the day the shareholders' meeting is convened:

1. If the company convenes a physical shareholder meeting, it shall distribute them on-site at the shareholder's meeting.
2. If the company convenes a hybrid shareholder meeting, it shall distribute them on-site at the shareholder meeting and upload the electronic files to the virtual meeting platform.
3. If the company convenes a virtual-only shareholder meeting, it shall upload the electronic files to the virtual meeting platform.

The notice and announcement shall state the reason for the call; if the notice is agreed by the relative person, it can be done electronically.

Matters pertaining to election or discharge of directors, alteration of the articles of association, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters set forth in Article 185, paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, matters as set forth in Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extraordinary motions.

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

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.

In addition, when the circumstances set forth in Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board may exclude it from the agenda. Shareholders may submit proposals urging the Company to promote public interests or fulfill its social responsibilities; however, the number of items proposed is limited to one only regulated by Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the Company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten days. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall inform shareholders who submitted proposals the proposals screening results prior to preparing and delivering the shareholders' meeting notice, and shall list the proposals conforming to the requirements set forth in this Article in the shareholders' meeting notice. With regard to the proposals submitted by shareholders but not included in the meeting agenda, the cause of exclusion of such proposals and explanation shall be made by the Board at the shareholders' meeting.

Article 5. Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by written or electronic means.

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

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

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

When, the attending shareholders represent a majority of the total number of issued shares prior to conclusion of the meeting, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 5-1. The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (hereinafter referred to as the "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

Time during which attendance registrations for shareholders as in the preceding paragraph will be accepted shall be at least 30 minutes prior to the start of the meeting; the place to register for attendance shall be clearly marked, and shall assign sufficient suitable personnel to handle registration. For a virtual shareholders' meeting, the attendance registrations shall begin 30 minutes prior to the meeting starts on the virtual meeting platform. Shareholders finishing attendance registration will be deemed as attending the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings with attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend. Solicitors soliciting power of attorney forms shall also bring identification documents for verification.

The Company shall provide shareholders with attendance book to sign, or attending shareholders may hand in sign-in cards in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of direc-

tors or supervisors, pre-printed ballots shall also be furnished.

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

For a virtual shareholding meeting, shareholders intending to attend the meeting online shall register with this company two days before the meeting date.

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

Article 5-2. To convene a virtual-only shareholders' meeting, the following shall be stated in the shareholders' meeting notice:

1. How shareholders attend the virtual-only meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
 - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - (2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - (3) For a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the quorum, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
 - (4) Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.
3. For a virtual-only meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.

Article 6. If a shareholders' meeting is convened by the Board, the meeting agenda shall be determined by the Board, and votes shall be cast on separate proposal in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions as in the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene other than the Board.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by the resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other attending shareholders may elect a new chair by agreement of a majority of the votes represented by the attending shareholders, and resume the meeting.

After the meeting adjourned, shareholders may not elect a new chair and continue the meeting at the same or a different place.

Article 7. Before speaking, an attending shareholder must specify the subject of the speech on a speaker's slip, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be determined by the chair.

Attending shareholders submitting speaker's slip but yet to speak will be deemed to have not spoken. When the content does not correspond with the subject specified on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 8. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

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

If the attending shareholder's speech violates the rules regulated by the preceding two paragraph, exceeding the scope of the agenda item, or disrupt the order of the meeting, the chair may terminate the speech.

For a virtual shareholders' meeting, shareholders attending the meeting online may raise questions in writ-

ing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 3 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 9. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair determines that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, calling for a vote, and schedule sufficient time for voting.

Article 10. Except for otherwise provided by the Company Act and in the Company's articles of association, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

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

Article 11. The election of directors and independent directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and independent directors and the numbers of votes with which they were elected, and the names of directors and independent directors not elected and number of votes they received.

Article 12. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

The chair shall designate supervisors and vote counters for voting on proposals, but the supervisors shall be shareholders. The results of the vote shall be reported on-site and recorded.

For a virtual-only shareholders' meeting, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

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

For a virtual shareholders' meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 13. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

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

Article 14. The Company may appoint lawyers, accountants and other related personnel to attend the shareholders' meeting. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

Article 15. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

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

Article 16. When the meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

tion to resume the meeting at another venue.

If an air raid warning is encountered when the meeting is in progress, the meeting shall be stopped and the attendee shall evacuate immediately. The meeting will be resumed an hour after the warning is lifted.

Article 17. For a virtual-only shareholders' meeting, the Company shall disclose the result of the vote and election after the end of every voting session on the virtual meeting platform in accordance with the regulations. This disclosure shall continue until at least 15 minutes after the chair has announced the meeting adjourned.

Article 18. When the Company convenes a virtual-only shareholders' meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 19. For a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

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

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

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

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

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

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

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

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

Article 20. Any matter not be provided by these rules shall be as provided in the Company Act, the article of association and other related laws.

Article 21. These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments shall be taken effect in the same manner.

【Appendix 2】

CIPHERLAB CO., LTD. Guidelines for Ethical Management and Conduct 【Pre-revised Version】

Article 1. Purpose of Adoption and Scope of Application

The Company engages in business activities following the principles of fairness, honesty, faithfulness, and transparency. In order to fully implement the policy of ethical management and actively prevent unethical behavior, these Procedures and Guidelines are adopted in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the applicable laws and regulations where the Company and group enterprises and organizations operate, with a view to providing all personnel of the Company with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of the Company, any incorporated foundation in which the Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

Article 2. Applicable Subjects

The term "personnel of the Company" in these Procedures and Guidelines refers to the directors, executives, employees, appointees, and persons with substantial control of the Company and its group enterprises and organizations.

Any provision, promise, request, or acceptance of illicit benefits by any personnel of the Company through a third party will be deemed as an act by the personnel of the Company.

Article 3. Definition

The term "dishonest conduct" in these procedures and guidelines means that any personnel of the Company, in the course of business, whether directly or indirectly, including providing, receiving, promising, or requesting any illicit benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty in order to acquire or maintain benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staff, as well as any government-owned or private-owned enterprises or institutions and their directors, managerial officers, employees, persons with substantial control, or other interested parties.

The term "benefits" in these procedures and guidelines refers to any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 4. Responsible Unit

The Company shall designate the chairman's office as the solely responsible unit (hereinafter referred to as the "company's responsible unit") under the Board, and it is responsible for amending, implementing, interpreting, and providing advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and submit reports to the Board regularly as well:

1. Assisting in incorporating integrity and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in accordance with the requirements of laws and regulations.
2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and establishing check-and-balance mechanisms for mutual supervision of business activities with high risk of unethical behavior within the scope of operations.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistleblowing system to ensure its effectiveness.
6. Assisting the Board and management in auditing and evaluating the effectiveness of the prevention measures established for implementing ethical management, and reporting on regular assessment of compliance with ethical management in operating procedures.

Article 5. Exceptions Clause

When the personnel of the Company directly or indirectly provide, receive, promise, or request money, gifts, services, preferential treatment, entertainment, hospitality, and other benefits, they shall comply with the provisions of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and these procedures and guidelines, and relevant procedures shall be carried out, except under

one of the following circumstances:

1. The conduct is undertaken to meet and as in accordance with local courtesies, convention, or custom during domestic (or foreign) visits, reception of foreign guests, promotion of business and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitation to guests or attendance at specific business activities or factory visits in accordance with business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals and events that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payment, or honorariums for the management.
6. Providing or accepting money, property, or other benefits with the market value less than NT\$ 3,000 to or from a person other than relatives or close friends; or gifts of property with a total market value less than NT\$5,000 given by another party to the majority of the personnel of the Company, however, the market value of property offered to the same counterparty or coming from the same source within a single fiscal year shall be limited to NT\$60,000.
7. Property with a market value of NT\$ 5,000 or less received due to engagement, marriage, maternity, relocation, employment, promotion or transfer, retirement, resignation, severance, injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
8. Other conduct that complies with the rules of the Company.

Article 6. Handling Procedures

When company personnel are directly or indirectly offered or promised money, gratuity, services, preferential treatment, entertainment, dining and other benefits by others, except under any of the circumstances set forth in the preceding article, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the return or refuse, and shall report to his or her immediate supervisor and notify responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel" in the preceding paragraph refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall make a proposal based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. After reporting to and approved by the chairman of the board, the proposal shall be implemented.

Article 7. Handling of Coercion

The Company shall neither provide nor promise any facilitation payment.

If company personnel are coerced or threatened to providing or promising facilitation payments, they shall record the process and report to their immediate supervisor, as well as notify the responsible unit.

Upon receiving the report under the preceding paragraph, the responsible unit shall handle it immediately, review the relevant matters to minimize the risk of recurrence. If any illegal activity is found, it shall be immediately reported to the relevant judicial agency.

Article 8. Political Contributions

In terms of providing political donations, the Company shall comply with the following regulations, submitting a report to the supervisor in charge for approval and notify the Company's responsible unit. When the amount reaches NT\$100,000 or more, it shall be reported to the board for approval before the political contributions are made:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and

regulations and relevant procedures for accounting treatment.

4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with related government agencies shall be avoided.

Article 9. Charitable Donations

Charitable donations or sponsorships by the Company shall be provided in accordance with the following provisions and reported them to supervisor in charge for approval and shall notify the Company's responsible unit. For the amount exceeding NT\$100,000, the donation or sponsorship shall be submitted to the Company's board for adoption before it is made:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Company is operating business.
2. Decision making process shall be documented in writing.
3. A charitable donation shall be made to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
5. After making a charitable donation or sponsorship, the Company shall confirm that the destination to which the money flows is consistent with the purpose of the contribution.

Article 10. Recusal

Directors, managers, and other stakeholder of the Company attending or presenting in board meetings, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, supervisor, manager or stakeholder shall state the important aspects of the stake in the meeting. Besides, if there is a likelihood that the interests of the Company would be prejudiced, they may not participate in the discussion or vote on that proposal, shall recuse themselves from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The director shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain illicit benefits the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 11. Special Unit for Handling Business Secrets

The legal department of the Company is the special unit for handling business secrets. It is responsible for developing and implementing management, preservation, and confidentiality procedures for the Company's trade secrets, trademarks, patents, copyrights, and other intellectual property. It shall regularly review the implementation results to ensure the sustained effectiveness of its operating procedures.

All personnel of this company shall faithfully follow the operational directions related pertaining to intellectual properties as mentioned in the preceding paragraph, and may not disclose any trade secrets, trademarks, patents, copyrights or other intellectual properties of the Company of which they have learned to any other party, nor may they inquire about or collect any trade secrets, trademarks, patents, or other intellectual property of the Company unrelated to their individual duties.

In conducting business activities, the Company shall comply with the Fair-Trade Act and applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories or lines of commerce.

The Company shall collect and understand the applicable laws and international standards governing its products and services which it all shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of the products and services in the course of their research and development, procurement, manufacture provision, or sale of products and services.

The Company shall adopt and publish on its website a policy in the protection of the rights and interests of consumers or other keyholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

If it is reported by the media or if there are sufficient facts to determine that company's products or services may put the safety and health of consumers or other stakeholders in jeopardy, the Company shall immediately recall those products or suspend the services, verify the facts and present a review and improvement plan.

The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken and the subsequent reviews and corrective measures to the Board.

All personnel of the company shall comply with the Securities and Exchange Act and shall not engage in insider trading using undisclosed information of they have learned. Personnel are also prohibited from disclosing it to any other party to prevent other party from engaging in insider trading using such undisclosed information.

Institutions or individuals outside of the company involved in any merger, demerger, acquisition, share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the company shall be required to sign a non-disclosure agreement in which they undertake not to disclose any of trade secret or other material information of the company acquired as a result, and that they may not use such information without the company's consent.

The company shall disclose its policy of ethical management in its internal rules, annual reports, on company websites, and in other promotional materials. It shall also timely announce its policy in events held for outside parties such as product launches or investor press conferences, in order to make suppliers, customers, or other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 12. Evaluation Prior to Development of Commercial Relationships

Before developing a commercial relationship with another party, such as agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality, integrity, and ethical management policy of the party, and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner, and free from requesting, offering, or accepting bribes.

When conducting the evaluation under the preceding paragraph, the Company may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matter, in order to gain a comprehensive knowledge of its ethical management:

1. Nationality, location of business operations, organizational structure, management policies of the enterprise, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and its implementation status.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and reputation of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

In the process of engaging in commercial activities, all personnel of the Company shall make a statement the Company's ethical management policy and related rules to the trading counterparty, and shall clearly refuse to, promise, request, or accept, directly or indirectly provide, any illicit benefits in whatever form or name.

All personnel of the Company shall avoid business transactions with an agent, supplier, customer or other counterparty in commercial interactions that have been involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately terminate dealing with the counterparty and list them as rejected business partner, in order to implement the Company's ethical management policy.

Article 13. Entering Into a Business Transaction Contracts

Before entering into a contract with another party, the Company shall gain a comprehensive knowledge of the status of the other part's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract. At least the following items shall be clearly specified in the contract:

1. When either party becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of receipt of commissions, rebates or other illicit benefits, the party shall immediately inform the other party of the identity of such personnel, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other illicit benefit that was provided, promised, requested, or accepted. The party shall also provide to the other party with relevant evidence and cooperate fully the other party's investigation; meanwhile, the compensation shall be clearly specified in the terms and conditions of the contract.
2. When either party is discovered to be involved in unethical conduct in commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 14. Handling of Violations

As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, a reward will be given depending the seriousness of the circumstance concerned. However, if any insider falsely reports or makes malicious accusations shall be subject to disciplinary action, and they may be dismissed from their

position if the circumstance concerned is material.

The Company shall internally establish and publicly announce on its website and intranet, or provide through an independent external institution, an independent mailbox, or hotline, for insiders and outsiders of the Company to submit reports. A whistleblower shall provide at least the following information:

1. The name, I.D. number, and an address, telephone number and e-mail address where it can be reached of the whistleblower.
2. The informed party's name or other information sufficient to distinguish its identifying features.
3. Specific evidence available for investigation.

Personnel of the Company handling of whistle-blowing matters shall provide a written statement promising to keep the whistleblowers identify and contents of information confidential. The Company also promises to protect whistleblowers from any improper treatment as a result of their whistleblowing.

The responsible unit of the Company will handle the whistle-blowing matters in accordance with the following procedures:

1. An information shall be reported to the department head if involving the rank and file and to an independent director if involving a director or a senior executive.
2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the relevant facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If it is confirmed that a person being informed has indeed violated the applicable laws and regulations or the Company's policies and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to protect its reputation and its rights and interests.
4. Case acceptance, investigation process, and investigation results shall all be documented in writing and kept for five years and may be retained electronically. If a lawsuit related to the whistle-blowing case occurs before the retention period expires, the relevant information shall continue to be retained until the litigation is concluded.
5. If the whistle-blowing matters are confirmed, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures, and proposing corrective measures to prevent recurrence.
6. The responsible unit of the Company shall submit a report on the whistle-blowing case, the handling process, and the subsequent reviews and corrective measures to the Board.

If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; if such conduct involves a public service agency or public official, the Company shall also additionally notify the governmental anti-corruption agency.

The responsible unit shall organize awareness sessions each year, and arrange for the chairman, general manager, or senior management to convey the importance of ethics to the its directors, employees, and mandataries.

The Company shall link ethical management to employee performance assessments and human resource policy, and establish clear and effective systems for rewards, penalties, and complaints.

For any personnel seriously breaching ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 15. Enforcement

These Procedures and Guideline, and any amendments hereto, shall be implemented after adopting by resolution of the Board, and shall be reported the shareholders' meeting.

When presenting these Procedures and Guidelines to the board for discussion, the opinions of each independent director shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board meeting. An independent director that is unable to attend a board meeting to express objection or reservation, unless there is a legitimate reason to do otherwise, shall provide a written opinion in advance, and the opinion shall be recorded in the minutes of the board meeting.

【Appendix 3】

CIPHERLAB CO., LTD.

Rules of Procedure for Board of Directors Meetings

【Pre-revised Version】

Article 1. Basis for the Establishment of these Regulations

These regulations are established in accordance with Article 26-3, Paragraph 8 of the Securities and Exchange Act. The Board of Directors of the company shall conduct its meetings in accordance with these regulations, unless otherwise provided by law or the company's Articles of Association.

Article 2.

The Board of Directors shall meet at least once every quarter.

When a meeting is convened, the reasons for the meeting shall be specified, and each director shall be notified at least seven days in advance. However, in the case of an emergency, a meeting may be convened at any time.

The matters listed in Paragraph 1 of Article 6 of these regulations must be specified in the meeting notice and may not be proposed as ad hoc motions.

Article 3.

Board meetings shall be held at the company's place of business and during business hours, or at a location and time convenient for directors to attend and suitable for holding board meetings.

Article 4. Meeting Notices and Materials

The department responsible for handling board meeting affairs is the Corporate Governance Officer, a position held by the head of the Finance and Accounting Department.

The responsible unit shall draft the agenda for the board meetings and provide sufficient meeting materials, which shall be sent together with the meeting notice.

The Corporate Governance Officer shall assist all directors in ensuring that the operation of the Board of Directors complies with these procedural rules and all relevant laws and regulations, and shall promote effective communication among board members and between the board and the management team.

Requests made by directors shall be handled by the Corporate Governance Officer in a timely and effective manner, to support directors in fulfilling their duties. Unless under special circumstances, such matters shall be processed as soon as possible and within seven business days.

Article 5. Agenda for Regular Board Meetings

The agenda for regular board meetings shall include at least the following items:

1. Reporting Matters:
 - (1) Minutes of the previous meeting and the status of its implementation
 - (2) Major financial and business reports.
 - (3) Internal audit reports.
 - (4) Other important reporting matters.
2. Discussion:
 - (1) Discussion items carried over from the previous meeting.
 - (2) Discussion items for the current meeting.
3. Ad hoc Motions.

Article 6. Discussion of Board Meetings

The following matters shall be proposed to board meetings for discussion:

1. The operation plan of the Company
2. Annual and semi-annual financial reports, except where the law exempts semi-annual reports from CPA audit and attestation requirements.
3. Establishment or amendment of the internal control system and assessment of its effectiveness, in accordance with Article 14-1 of the Securities and Exchange Act.
4. Procedures for significant financial and business activities, such as acquisition or disposal of assets, engaging in derivatives trading, lending of funds to others, and endorsements or guarantees for others, as prescribed in Article 36-1 of the Securities and Exchange Act.
5. Issuance, offering, or private placement of securities with equity characteristics.

6. Appointment or dismissal of the Chairman, if the Board does not have a standing director.
7. Appointment or dismissal of key personnel in charge of finance, accounting, or internal audit manager.
8. Donations to related parties or major donations to non-related parties. However, donations made for emergency relief due to major natural disasters may be submitted to the next board meeting for ratification.
9. Other matters required by Article 14-3 of the Securities and Exchange Act, or those that by law, regulations, Articles of Association, or regulatory authority must be resolved by the shareholders' meeting or the Board of Directors.

In Item 8 above, "related parties" refers to those defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. "Major donations to non-related parties" refers to donations where the amount for a single donation or cumulative donations to the same recipient within one year reach NT\$100 million or more, or 1% of net operating revenue or 5% of paid-in capital as shown in the most recent CPA-audited financial statements, whichever is lower.

The term "within one year" is calculated retroactively from the date of the current board meeting; any donations already approved by board resolution during that period are excluded from the calculation.

Independent directors must attend board meetings, and at least one independent director must attend in person. For matters requiring board resolutions under Paragraph 1 above, all independent directors must attend. If an independent director cannot attend in person, another independent director may be designated as a proxy. If an independent director has objections or reservations, they should be recorded in the meeting minutes. If unable to attend the meeting to express such opinions, the director should, unless with a valid reason, submit a written opinion in advance, which must be recorded in the meeting minutes.

Article 7. Attendance Register and Proxy Attendance by Directors

During board meetings, an attendance register shall be prepared for attending directors to sign in and for future reference.

Directors shall attend board meetings in person. If unable to attend in person, they may, in accordance with the company's Articles of Association, authorize another director to attend on their behalf. Participation via video conferencing shall be deemed as attendance in person.

When a director authorizes another director to attend the board meeting on their behalf, a separate proxy form shall be issued for each meeting, specifying the scope of authorization for the matters on the agenda.

A proxy may act on behalf of only one director per meeting.

Article 8. Chairman of the Board and Acting Chairman

If the board meeting is convened by the Chairman of the Board, the Chairman shall act as the chair of the meeting. However, for the first board meeting of each term, the meeting shall be convened by the director who received the highest number of votes representing voting rights at the shareholders' meeting, and that director shall act as the chairman. If more than one director qualifies as the convener, they shall mutually select one among them to serve as the chairman.

If the board meeting is convened by a majority of the directors in accordance with Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, the directors shall mutually select one among themselves to serve as the chairman.

If the Chairman of the Board is on leave or otherwise unable to perform their duties, they shall appoint a director to act as their proxy. If no proxy is appointed, the directors shall mutually select one among themselves to act as the proxy.

Article 9. Attendees of the Board Meeting

During board meetings, the company may, depending on the content of the agenda items, notify relevant departmental managers who are not directors to attend the meeting. When necessary, accountants, lawyers, or other professionals may also be invited to attend the meeting.

Article 10. Convening of the Board Meeting

If the meeting time has arrived and half of the directors have not attended, the Chairman may announce a postponement of the meeting. The number of postponements is limited to two times. If the quorum is still not met after two postponements, the Chairman may reconvene the meeting following the procedure specified in Article 2, Section 2.

The term "all directors" as mentioned in the previous paragraph refers to the directors who are currently in office.

Article 11. Discussion of Agenda Items

The board meeting shall proceed according to the agenda set in the meeting notice. However, if agreed by a majority of the attending directors, the agenda may be changed.

Without the consent of a majority of the attending directors, the Chairman may not unilaterally declare the meeting adjourned.

During the meeting, if the number of attending directors is less than half of the total directors, any attending director may propose that the Chairman announce a suspension of the meeting, and the first section of the previous article shall apply accordingly.

Article 12. Voting Methods

When the chairman believes that the discussion on a matter has reached a point where it is ready for a vote, they may announce the cessation of discussion and proceed to the vote.

For a board resolution, if the chairman inquires and there are no objections from any attending directors, the resolution shall be considered approved. If there are objections raised after the chairman's inquiry, the matter shall proceed to a formal vote.

The chairman may choose one of the following methods for voting, but if there are objections from the attendees, the majority opinion shall be followed:

1. Voting by raising hands
2. Voting by roll call
3. Voting by ballot

The term "all attending directors" in the preceding paragraph does not include directors who, in accordance with Article 14, Paragraph 1, are not entitled to vote.

Article 13. Vote Monitoring and Counting Methods

The resolution of a matter, unless otherwise required by law, shall require the presence of a majority of the directors, and the approval of the majority of the attending directors.

When there are amendments or alternative proposals for the same matter, the chairman shall determine the voting order, along with the original proposal. However, if one of the proposals is approved, the other proposals shall be considered rejected and no further voting is required.

If it is necessary to appoint vote monitors and counters for the resolution, the chairman shall designate them. However, the vote monitors must be directors.

The result of the vote shall be reported immediately and recorded.

Article 14. Directors' Conflict of Interest System

A director who has a direct or indirect interest in a matter that could harm the interests of the company shall be allowed to make a statement and answer questions but shall not participate in the discussion or voting. The director must recuse themselves from the discussion and voting and may not delegate their voting rights to another director.

If the spouse, blood relatives within the second degree, or a company under the control or subordinate relationship with the director has an interest in the agenda item, the director shall be deemed to have a personal interest in the matter.

For a resolution of the board, for directors who, according to the previous two paragraphs, are not entitled to vote, the provisions of Article 206, Paragraph 4 of the Company Act shall apply by reference to the provisions of Article 180, Paragraph 2.

Article 15. Principles for Recording Meeting Minutes

The proceedings of the Board of Directors shall be documented in meeting minutes, which should record the following details accurately:

1. The session (or annual) number, date, time, and location of the meeting.
2. The name of the chairman.
3. The attendance status of the directors, including the names and numbers of those present, excused, or absent.
4. The names and titles of attendees.
5. The name of the person responsible for taking the minutes.
6. Reported matters.
7. Discussion items: The decision-making method and results of each proposal, a summary of remarks by directors, experts, and other participants, any objections or reservations that are recorded or submitted in writing, and the written opinions provided by independent directors as per Article 6, Section 2.
8. Motions raised: The name of the proposer, the decision-making method and results of the proposal, a summary of remarks by directors, experts, and other participants, any objections or reservations that are recorded or submitted in writing.
9. Other Matters to Be Recorded
If any of the following circumstances arise in the resolutions of the Board of Directors, in addition to being stated in the meeting minutes, they must also be announced and filed on the information disclosure website designated by the competent authority within two days from the date of the board meeting:
 - I. Independent directors have objections or reservations, which are recorded or submitted in writing.

- II. If the company has established an audit committee, any matters not approved by the audit committee but agreed upon by two-thirds or more of all directors.
- III. The salary and compensation approved by the Board of Directors exceeds the recommendation of the salary and compensation committee.
- IV. Other significant matters as stipulated by laws or regulations of the competent authority.

The Board of Directors' attendance register is considered part of the meeting minutes and must be properly preserved during the company's existence.

The meeting minutes must be signed or sealed by the chairman of the meeting and the person responsible for taking the minutes. The minutes should be distributed to all directors within 20 days after the meeting and must be included in the company's important files, to be permanently and properly stored throughout the company's existence.

The production and distribution of the meeting minutes as mentioned in the first paragraph may be done electronically.

Article 16. Powers of the Chairman During Board Recess

During the recess of the Board of Directors, the Chairman is authorized to exercise the powers of the Board, except for matters that should be discussed by the Board according to Article 6, Section 1. The Chairman may exercise the following powers during the recess of the Board, as authorized by laws or the company's articles of incorporation:

1. Decisions regarding the company's capital increase, the record date for issuing new shares, and the ex-dividend record date.
2. Approval of significant contracts: The sale, lease, sale and leaseback, or other disposal of company assets (excluding ordinary operations) with a total contract value of less than NT\$10 million, except for those included in the operational plan or its updates or amendments, which are also within the scope of authorization.
3. Organizational adjustments within the company.
4. The appointment of directors, supervisors, and representatives for subsidiaries (including overseas branches).
5. The record date for employees' stock options and the issuance date.

Article 17. Recording and Preservation of Board Meeting Process

The company shall record the entire process of the Board meetings through audio or video recording and preserve these records for at least five years. The preservation may be done electronically.

Before the expiration of the preservation period mentioned above, if a lawsuit arises concerning matters related to the Board's resolutions, the relevant audio or video records must continue to be preserved until the conclusion of the lawsuit.

For board meetings held via video conference, the video and audio data will be considered part of the meeting minutes and must be preserved for the duration of the company's existence.

Article 18. Additional Provision

The provisions of this set of rules and regulations, as well as any amendments, shall be approved by the Board of Directors.

The article is set on November 7th, 2006.

The 1st amendment was made on April 3rd, 2007.

The 2nd amendment was made on April 2nd, 2008.

The 3rd amendment was made on March 30th, 2010.

The 4th amendment was made on December 23rd, 2014.

The 5th amendment was made on December 26th, 2017.

The 6th amendment was made on March 27th, 2019.

The 7th amendment was made on March 25th, 2020.

The 8th amendment was made on December 28th, 2022.

【Appendix 4】

CIPHERLAB CO., LTD. Articles of Incorporation 【Pre-revised Version】

Chapter 1. General Principle

Article 1. The Company is organized in accordance with the Company Act with the name CIPHERLAB CO., LTD.

Article 2. The business scope of the Company is as the following:

1. CB01010 Mechanical Equipment Manufacturing
2. CB01020 Affairs Machine Manufacturing
3. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
4. CE01010 General Instrument Manufacturing
5. F113010 Wholesale of Machinery
6. F113030 Wholesale of Precision Instruments
7. F113050 Wholesale of Computers and Clerical Machinery Equipment
8. F118010 Wholesale of Computer Software
9. F119010 Wholesale of Electronic Materials
10. F213030 Retail Sale of Computers and Clerical Machinery Equipment
11. F213040 Retail Sale of Precision Instruments
12. F213080 Retail Sale of Machinery and Tools
13. F218010 Retail Sale of Computer Software
14. F219010 Retail Sale of Electronic Materials
15. I301010 Information Software Services
16. I031020 Data Processing Services
17. JA02010 Electric Appliance and Electronic Products Repair
18. F401021 Restrained Telecom Radio Frequency Equipment's and Materials Import
19. CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
20. I301040 The Third-Party Payment
21. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1. The Company may provide external guarantees.

Article 2-2. The Company's investment in subsidiaries may exceed 40% of its paid-in capital.

Article 3. The headquarter of the Company is located in Taipei City, and, if necessary, the Company may establish branches or offices at home or abroad with the approval of the Board.

Article 4. The Company's announcement method shall be handled in accordance with the Company Act and the regulations of the competent authority.

Chapter 2. Shares

Article 5. The capital of the Company is set at NT\$900 million, divided into 90 million shares with a par value of NT\$10 per share, to be issued in stages. The issuance of any unissued shares will be determined by the Board based on actual needs. NT\$100 million of the registered capital will be reserved for the issuance of employee stock option certificates in the future, totaling 10 million shares with a par value of NT\$10 per share, to be issued in stages according to the decision of the Board.

Article 5-1. The price of employee stock option certificates issued by the Company is not subject to restrictions under the applicable laws, but it must be approved by a majority of the total issued shares represented by shareholders present at the meeting, with at least two-thirds of the voting rights in favor. The Company may apply for the issuance of such certificates in stages within one year from the date of the shareholders' meeting resolution.

Article 5-2. The shares repurchased by the Company may be transferred to employees at a price lower than the average repurchase price, but it must be done in accordance with the applicable laws and with the approval of the shareholders' meeting.

Article 6. The stocks issued by the Company are registered and shall be signed or stamped by at least three directors and issued after being certified in accordance with the law. The Company's issued shares may be exempt from printing stock certificates and shall be registered with a centralized securities depository institution.

Article 7. Transfer registration of shares may not be made within 60 days before the regular shareholders' meeting or within 30 days before a special shareholders' meeting, or within five days before the record date for the distribution of dividends, bonuses, or other benefits determined by the Company.

Chapter 3. Shareholders' meeting

Article 8. There are two types of shareholders' meeting, respectively regular and special shareholders' meeting. The regular shareholders' meeting is held within 6 months after every fiscal year ends, and the special shareholders' meeting is held based on the needs.

Article 9. During the shareholders' meeting, video conferencing or other methods announced by the competent authority may be used. Shareholders who participate in the meeting online shall be deemed as present in person. If a shareholder cannot attend the shareholders' meeting due to certain reasons, he/she may issue a power of attorney form printed by the Company specifying the scope of authorization to authorize an agent to attend on his/her behalf. The method of authorizing attendance by shareholders shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholders' meetings of Public Companies" promulgated by the competent authority, in addition to the provisions of Article 177 of the Company Act.

Article 10. A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares under Article 179, of the Company Act.

Article 11. The resolution of the shareholders' meeting shall require the attendance of more than half of the shares represented by the shareholders, and the passage of a resolution shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders, unless otherwise provided by the applicable laws. In accordance with the regulations of the competent authority, the shareholders of the Company may also exercise their voting rights electronically, and shareholders who exercise their voting rights electronically shall be deemed to be present in person. The relevant matters shall be handled in accordance with laws.

Chapter 4. The Board and The Audit Committee

Article 12. The Board consists of seven to nine members, with a term of three years. The Company shall adopt a nomination system for candidates, and the board members shall be elected from the list of candidates by the shareholders' meeting. Reelection is allowed

Article 13. In accordance with Article 14-2 of Securities and Exchange Act, among the directors set forth in the previous article, at least three persons must be independent directors, and the number of independent directors shall not be less than one-fifth of the total number of directors. The selection shall adopt the candidate nomination system specified in Article 192-1 of the Company Act.

Article 14. The Board is organized by the directors. The chairman of the board shall be elected by mutual recommendation of the directors with the attendance of more than two-thirds of the directors and approved by a majority of the attending directors. The chairman of the board shall represent the Company externally.

Article 14-1. When a director is unable to attend the board meeting, he/she may authorize other directors to attend on his/her behalf. The independent directors may only authorize other independent directors to attend on their behaves.

Article 14-2. The notice of the board meeting may be sent out in written, by email or by fax.

Article 15. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, his representative shall be as Article 208 of the Company Act.

Article 16. The remuneration of all directors shall be determined by the shareholders' meeting. Directors engaging in business operations may receive salaries based on the customary level of their peers, regardless of the Company's profitability.

Article 17. The Company may purchase liability insurance for all directors during their tenure for the scope of their duties.

Article 17-1. The Board of the Company may establish various functional committees, and their members' qualifications, exercise of powers, and related matters shall be handled in accordance with the applicable laws and regulations and as determined by the Board.

The Company has established an audit committee to replace the supervisor's duties.

The audit committee is composed of all independent directors, with a minimum of three members, one of whom serves as the convener.

Chapter 5. Manger

Article 18. The Company may appoint one general manger and one or more vice presidents. Their appointment, discharge, and compensation shall be handled in accordance with Article 29 of the Company Act.

Chapter 6. Accounting

Article 19. The Company shall prepare and submit a business report, financial statements, and proposals for the distri-

bution of profits or the offset of losses to the shareholders' meeting for approval at the end of each fiscal year.

Article 20. The Company shall allocate 0.5% to 10% of its annual profits for employee compensation, and no more than 3% for director compensation, if any profit is made in the fiscal year.

However, if the Company has accumulated losses, the losses must be made up first, and then employee and director compensation can be allocated according to the percentage as in the preceding paragraph.

Employee compensation as in the preceding paragraph can be paid in the form of stocks or cash, and it includes employees of subsidiary companies meeting certain criteria. Director compensation can only be paid in cash.

The provisions of proceeding two paragraphs shall be resolved by the Board and reported to the shareholders' meeting.

Article 21. If there is a surplus in the annual settlement of the Company, it shall pay taxes, making up for the accumulated losses, and then allocate 10% as statutory surplus reserves in accordance with the law. However, if the statutory surplus reserves have reached the actual paid-in capital of the Company, they may not be allocated again. The remaining amount shall be allocated or reversed as special surplus reserves according to the provisions of laws and regulations, and if there is still a balance, the Board shall propose a profit distribution proposal and submit it to the shareholders' meeting for approval of the distribution of dividends to the shareholders from the accumulated undistributed profits.

Article 22. The dividend policy of this company will take into account the Company's environment, future capital needs, long-term financial planning, and shareholders' requirements for current cash flow. The actual distribution of profits for the year will not be less than 50% of the distributable profits. Currently, the Company operates in a growing industry, with sustained profitability and a sound financial structure. While maintaining stable earnings per share, the cash dividend payment should not be less than 10% of the total dividend amount.

Chapter 7. By-laws

Article 23. Any matters not provided in this article shall be as provided in the Company Act and other related laws and regulations.

Article 24. The article is set on October 4th, 1988.

The 1st amendment was made on June 5th, 1994.

The 2nd amendment was made on September 1st, 1994.

The 3rd amendment was made on March 9th, 1996.

The 4th amendment was made on September 3rd, 1996.

The 5th amendment was made on August 20th, 1997.

The 6th amendment was made on April 5th, 1998.

The 7th amendment was made on September 3rd, 1998.

The 8th amendment was made on June 16th, 1999.

The 9th amendment was made on June 22nd, 2000.

The 10th amendment was made on May 3rd, 2001.

The 11th amendment was made on June 5th, 2002.

The 12th amendment was made on May 28th, 2003.

The 13th amendment was made on May 28th, 2003.

The 14th amendment was made on June 15th, 2004.

The 15th amendment was made on May 25th, 2005.

The 16th amendment was made on May 25th, 2005.

The 17th amendment was made on April 25th, 2006.

The 18th amendment was made on May 15th, 2007.

The 19th amendment was made on May 16th, 2008.

The 20th amendment was made on May 15th, 2009.

The 21st amendment was made on May 11th, 2010.

The 22nd amendment was made on May 18th, 2011.

The 23rd amendment was made on June 25th, 2015.

The 24th amendment was made on June 21st, 2016.

The 25th amendment was made on June 25th, 2019.

The 26th amendment was made on August 24th, 2021.

The 27th amendment was made on June 21st, 2022.

【Appendix 5】

CIPHERLAB CO., LTD. Rules for Election of Directors

Article 1. The election of the company's directors shall be conducted in accordance with the Company Act, the company's Articles of Association, and relevant laws and regulations, as well as the provisions of these rules for election for directors. In addition, the establishment and compliance requirements of independent directors must adhere to the regulations set forth by the competent authorities.

Article 2. The election of the company's directors adopts a cumulative voting system. Voters may use their attendance certificate number as a substitute for their name when casting their vote.

Article 3. In the election of the company's directors, each share has a number of voting rights equal to the number of directors to be elected. These voting rights may be concentrated on a single candidate or distributed among multiple candidates.

Article 4. The election of directors is conducted separately for independent directors and non-independent directors, with votes counted separately for each category elected accordingly.

Article 5. The company's directors are elected by the shareholders' meeting from individuals with legal capacity. In accordance with the company's Articles of Association, directors are elected based on the number of votes they receive, in order of the highest vote count. If two or more candidates receive the same number of votes exceeding the prescribed number of positions, a drawing will be conducted among those candidates with the same vote count, or the chairman may conduct the drawing on their behalf to decide.

Article 6. The ballots shall be prepared and issued by the company, with the number of voting rights for each shareholder indicated.

Article 7. At the start of the election, the chairman shall designate the ballot inspectors and vote counters to oversee and handle the ballot counting process. The ballot inspectors must be shareholders.

Article 8. The voting box shall be prepared by the company and must be publicly opened and inspected by the ballot inspectors before the voting begins.

Article 9. If the candidate is a shareholder, the voter must write the candidate's name in the "Candidate" column on the ballot and may also include the shareholder's account number. If the candidate is not a shareholder, the voter's ballot must include the candidate's full name and national ID number. However, if a government or corporate shareholder is the candidate, the ballot should list the name of the government or corporation. If a representative of a government or corporate shareholder is the candidate, the ballot should list both the name of the government or corporation and the representative's name.

Article 10. The following types of ballots shall be deemed invalid:

1. Blank ballots.
2. Ballots that are not placed in the ballot box.
3. Ballots that are not filled out according to the regulations, or ballots that list two or more candidates in the same election.
4. If the candidate is a shareholder, the shareholder's name and shareholder account number do not match the shareholder register; or if the candidate is not a shareholder, the name and national ID number do not match the records upon verification.
5. Ballots containing any symbols, images, or unclear matters other than the candidate's name and shareholder account number.
6. Ballots with illegible handwriting.
7. Ballots that have been altered.
8. Ballots where the candidate's name matches that of another shareholder but the shareholder account number or national ID number is not provided for distinction.
9. Ballots that do not conform to the election rules set forth in these regulations.

Article 11. Separate ballot boxes shall be set up for the election of directors. After the votes are cast separately, the ballot boxes shall be opened by the ballot inspectors, and the vote counters shall count the votes. The chairman shall announce the results on the spot.

Article 12. These rules shall be implemented after being approved by the shareholders' meeting, and the same applies when they are amended.

Article 13. The article is set on May 3rd, 2001.

The 1st amendment was made on June 5th, 2002.

The 2nd amendment was made on May 15th, 2007.

The 3rd amendment was made on June 25th, 2019.

【Appendix 6】

CIPHERLAB CO., LTD.
The Total Number of Shares Held by All Directors
And
The Minimum Required Number of Shareholding

I. Minimum required number of shares held by all directors and the total number of shares recorded in the shareholders' register table.

Note: Book closure period is April 26, 2025 to June 24, 2025.

Unit: share

Title	Minimum Required Combined Shareholding of All Directors	Shareholdings Recorded in the Shareholders' Register
Director	5,479,129	15,794,525

II. Shareholding of director table

Book Closure Date: 2025.4.26

Unit: share ; %

Title	Name	At the time of suspension of share transfer (68,489,120 shares)	
		shares	ratio
Chairman	Representative of CIPHER MANAGEMENT INC.: Mr. LIAU, YI-YAN	6,706,934	9.79%
Director	Mr. LIN, YUNG-FA	6,613,376	9.66%
Director	Mr. TAN, CHEN-HUAN	1,386,215	2.02%
Director	Mr. YANG, KUO-LIANG	532,000	0.78%
Director	Mr. YEN, WEI-CHUN	16,000	0.02%
Independent Director	Mr. HU, CHIU-CHIANG	0	0%
Independent Director	Ms. CHEN, WEN-YU	0	0%
Independent Director	Mr. YU, MING-CHANG	540,000	0.79%
Independent Director	Mr. TSAI, YU-PING	0	0%
Total		15,794,525	23.06%