

**Z-COM Inc.**

**Handbook for the 2025  
Annual Meeting of  
Shareholders**

**Convening method : Entity shareholders meeting**

**Meeting time : May 27, 2025**

**Place : 2F., No. 2, Zhanye 1st Rd., Hsinchu Science Park, Hsinchu City  
(The Allied Association for Science Park Industries Room 201)**

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## **I . Z-COM Inc. Procedure for the 2025 Annual Meeting of Shareholders**

- (I) Call the Meeting to Order
- (II) Chairperson Remarks
- (III) Management Presentation (Company Reports)
- (IV) Proposals
- (V) Discussion
- (VI) Election Matters
- (VII) Other Matters
- (VIII) Questions and Motions
- (IX) Adjournment

## **II . Z-COM, Inc. Agenda of the 2025Annual Meeting of Shareholders**

Time: 9:00 a.m. on Weekday, May 27, 2025

Place: 2F., No. 2, Zhanye 1st Rd., Hsinchu Science Park, Hsinchu City(The Allied Association for Science Park Industries Room 201)

(I) Call the Meeting to Order

(II) Chairperson Remarks

(III) Management Presentation (Company Reports)

A. 2024 Business Report

B. Audit Committee's Review Report on the 2024 Financial Statements

(IV) Proposals

A. Adoption of the 2024 Business Report and Financial Statements

B. Adoption of the Proposal for 2024 Deficit Compensation

(V) Discussion

A. Amendment to the Article of Incorporation

(VI) Election Matters

A. Election of the 11th Board of Directors

(VII) Other Matters

A. Release the Prohibition on Directors from Participation in Competitive Business.

(VIII) Questions and Motions

(IX) Adjournment

### (III) Management Presentations (Company Reports)

Report No. 1

2024 Business Report

Explanation: The 2024 Business Report is attached as Annex (I)

Report No. 2

Audit Committee's Review Report on the 2024 Financial Statements

Explanation: The 2024 Audit Committee's Review Report is attached as Annex (II).

### (IV) Proposals

Proposal 1:( Proposed by the Board)

Adoption of the 2024 Business Report and Financial Report

Explanation:

1. Z-COM, Inc. Company's Financial Statements were audited by independent auditors, LIU,JUNG-CHIN and CHANG, CHENG-TAO of Taiwan Ernst & Young Private Limited Firm. Also Business Report and Financial Statements have been approved by the Board and examined by the audit committee of Z-COM, Inc.
2. The 2024 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, Annex (I), and Annex(III)-(IV).

Resolution:

Proposal 2:( Proposed by the Board)

Adoption of the Proposal for 2024 Deficit Compensation

Explanation:

1. In accordance with Article 27 of the company's articles of association, the company shall distribute employee remuneration based on 10% to 15% of the current year's profit status and shall distribute director's remuneration no more than 3% of the current year's profit status. However, if the company still has accumulated losses, it should be made up.
2. The net profit after tax for the year 2024 was NTD 30,804,724, with the subtract of the

accumulated deficit at the beginning of the year of NTD 195,414,765, resulting in an accumulated deficit of NTD 164,610,041 at the end of the year. If there is net income in the future fiscal years, the deficit will be compensated first according to Article 28 of the company's articles of association.

3. The Deficit Compensation Statement for 2024 has been approved by the Board of Directors and submitted for audit by the Audit Committee, please refer to Annex (V).

Resolution:

## (V) Discussion

1 Proposal (Proposed by the Board)

Amendment to the "Article of Incorporation".

Explanation:

1. According to the letter No. 1130077296 of the Republic of China Securities OTC Trading Center on November 11, 2024, it is proposed to amend some provisions of the company's "Article of Incorporation".
2. For the comparison table before and after the amendments, please refer to Annex (VI) of this handbook.

Resolution:

## (VI) Election Matters

1 Proposal (Proposed by the Board)

Election of the 11th Board of Directors

Explanation:

1. The current term of office for the company's directors (including independent directors) will expire on May 25, 2025. In accordance with Article 16 of the company's Articles of Association, it is proposed to re-elect seven directors (including three independent directors).
2. The term of office for the directors (including independent directors) elected this time will be three years, starting from May 27, 2025, to May 26, 2028, and they will assume office after the adjournment of the 2025 Annual General Meeting.
3. According to the company's Articles of Association, directors are elected through a candidate nomination system. Please refer to Annex

(VII) of this handbook for the list of nominated candidates.

Shareholders are requested to elect the directors from the list of nominated candidates.

4. Having served as an independent director of the company for three consecutive terms, and in accordance with Article 5 of the 'Regulations Governing Appointment of Independent Directors for Public Companies and Matters to be Complied With,' the company is required to announce the reasons for continuing to nominate him as an independent director. Mr. Chou Yi-Heng is the Executive Director of the 'Accreditation Council for Chinese Business Education (ACCBE),' under the Management Science Society of the Republic of China. Considering his expertise in business management and extensive experience, he can provide crucial advice and contributions to the company's operational direction. Although he has already served as an independent director for more than three terms, the company still relies on his expertise. Beyond fulfilling his responsibilities as an independent director, he continues to leverage his professional strengths to provide industry development insights and supervise company operations, which is of significant benefit to the company. Therefore, in this election, he is proposed for continued nomination as an independent director.

Election Results:

## (VII) Other Matters

### 1 Proposal (Proposed by the Board)

Release the Prohibition on Directors from Participation in Competitive Business.

Explanation:

1. According to Article 209 of the Company Law, "If a director engages in activities within the company's business scope for themselves or others, they must explain the important contents of such activities to the shareholders' meeting and obtain approval."
2. At the 2025 Annual General Meeting, our company will re-elect directors in accordance with the law. To leverage the expertise and related experience of the newly appointed directors (including

independent directors), it is proposed, in accordance with Article 209 of the Company Law, that the 2025 Annual General Meeting approves the lifting of the non-competition restrictions on the newly appointed directors (including independent directors) after the re-election.

3. For information on the concurrent positions held by the director (including independent director) candidates at other companies, please refer to Annex (VIII) of this handbook.

Resolution:

(VIII) Questions and Motions

(IX) Adjournment

### **III. Annex**

#### **(I) 2024 Business Report**

Dear Shareholders,

We would like to express our gratitude for your care and support towards Z-COM. Below is a summary report on the business performance for 2024 and an outline of the business plan for 2025.

As the threat of COVID-19 gradually subsided, and the international economy is recovering. However, the ongoing Russia-Ukraine war continues to affect the global economy significantly, with decreased demand and widespread pessimism. Meanwhile, the continuous Gaza conflict threatens Red Sea shipping, compounding negative impacts. In addition, the re-election of President Donald Trump in the United States has introduced challenges to the new international economic order through his administration's isolationist stance.

Shipments to existing customers grew somewhat last year, and this year we hope the European economy will emerge from its shadow, generating more demand. The topic of AI continues to captivate attention, with more mature applications expected to emerge in the coming years. Edge computing applications utilizing AI are poised to grow steadily.

Last year, we successfully concluded the Ministry of Economic Affairs' Pre-6G Research Project and the Ministry of Transportation's Smart Rail 5G project for the Tamsui Light Rail under the New Taipei Metro Corporation. We developed a train driver assistance system to optimize safety and increase speed. Security features were integrated into zMEC, and GenAI was used to train and validate several app models, enriching the functionality of zMEC. Moving forward, we aim to integrate industrial control applications with IT in smart rail and energy IoT applications. Our outdoor product SP250-S5 was awarded the National Brand Yushan Award for "Best Product" and attained ISO 27001 certification.

In alignment with our ESG strategy, we aim to enhance product energy efficiency through innovative technology, driving energy-saving, carbon reduction, and the promotion of the circular economy. These technological advancements contribute to smart city development. Furthermore, we actively engage in social responsibility activities to achieve economic, environmental, and social excellence, creating sustainable value and societal impact.

#### **I. Financial performance of 2024 :**

- i. Operating Results: The individual financial statement for 2024 showed operating income of NT\$556 million, it has grown compared to the previous year. The gross profit margin was 19%, operating net loss was NT\$9,846 thousand, and after-tax net profit was only NT\$30,806 thousand, with earnings per share of NT\$0.45. Consolidated operating income was NT\$562 million, with a gross profit margin of 32%, operating net income of NT\$16,110 thousand, and consolidated after-tax net profit of NT\$29,926 thousand.
  - ii. Budget Execution Status: The company did not publicly forecast financial performance for 2024.
  - iii. Analysis of financial revenue and expenditure and profitability: The company's consolidated operating income for 2024 was NT\$562 million, up more than 20% from the previous year, with a gross profit margin of 32%, slightly lower than the previous year's 34%. Consolidated after-tax net profit was NT\$29,926 thousand, and after-tax net profit attributable to the parent company was NT\$30,806 thousand, with earnings per share of NT\$0.45.
  - iv. Technological Developments:
    - a) Upgraded zMEC capabilities by integrating Time Synchronized Networking (TSN) and firewall apps within containers, establishing a heterogeneous 5G-Wi-Fi AIoT platform with enhanced UTM security functionality for broader AIoT promotion.
    - b) Advanced system applications in ESG and renewable energy domains, including energy creation, storage, consumption monitoring, and energy-saving solutions, as well as applications in smart rails.
    - c) Released Wi-Fi 6E technology capable of achieving speeds up to 10Gbps and developed smart IoT applications like industrial-grade smart boxes and poles.
    - d) SP-250-S5 received the "First Prize" at the 2024 National Brand Yushan Awards.
- II. Summary of 2025 Operational Plan and Future Development Strategy for the Company:
- i. Continued efforts to drive enterprise network marketing and apply critical networks to hazardous slope areas, smart construction sites, metro stations, rail crossings, and logistics hubs for indoor and outdoor systems. We aim to expand opportunities, enhance brand visibility, and extend private network vertical applications to Southeast Asia and India.
  - ii. Strengthening collaboration with industry through government-funded research projects to develop new business opportunities by enhancing zMEC performance and application domains.
  - iii. Marketing Policy: Continuing to strengthen OEM customer base and deepen brand layout and vertical application successful stories to increase cooperation opportunities with SI

strategically at home and abroad.

- iv. Product Development: In addition to mass-producing Wi-Fi 6E for industrial users, we will also launch 5G Wi-Fi gateways for rail use. We will also introduce Wi-Fi 7 TSN product lines.
  - v. Lean production, flexible manufacturing, and fast delivery: Enhancing logistics capabilities to reduce raw material risks.
- III. The impact of external competitive environment and overall business environment on the company:
- i. The epidemic may rebound and become widespread and regular, digitization, cybersecurity requirements, remote monitoring, and effective use of AI/ML and other AI generation tools are becoming prevalent in new applications.
  - ii. Promotion of renewable energy policies: Seizing opportunities in environmental sustainable ESG and new energy.
  - iii. Overall economic environment: International economic growth momentum is slowing down, moving towards a slow recovery phase.
- IV. Conclusion: Thank you for the support of our shareholders. The management team and all employees will work tirelessly to utilize new technologies to bring profits to our shareholders and fulfill our corporate social responsibility.

Wish all shareholders good health and success in all endeavors.

Chairman, Fan En Technology Co., Ltd.  
Legal representative, John S. Shieh

CEO: WU CHIA-FANG

Accounting Officer: CHUANG, HUI-HUA

## **(II) Audit Committee Report**

The Board of Directors has submitted the annual business report, financial statements, and proposal for handling losses for the fiscal year of our company. The financial statements have been audited by Ernst & Young and their audit report has been issued. The aforementioned business report, financial statements, and proposal for handling losses have been reviewed by our Audit Committee, and no issues were found to be in violation. Therefore, we report the above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review the information accordingly.

Sincerely,  
2025 Annual General Shareholders Meeting of ZCOM

Z-COM,INC  
Chairman of the Audit Committee: CHOU, YIH-HENG

March 05<sup>th</sup>, 2025

### **(III) Independent Auditors' Report and Consolidated Financial Statements**

#### **INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE**

To the Board of Directors and Shareholders of Z-Com, Inc.

#### **Opinion**

We have audited the accompanying consolidated balance sheets of Z-Com, Inc. (the “Company”) and its subsidiaries (collectively, the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group and its subsidiaries as of December 31, 2024 and 2023, and their consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31,

2024 are stated as follows:

#### Evaluation of inventories

The Group is engaged in the manufacturing and selling of products related to wireless data network systems. Its inventories were measured at the lower of cost and net realizable value. The Group's inventories were significant to the consolidated financial statements and the determination of net realizable value for the inventories involves subjective judgement. Therefore, the evaluation of inventories was identified as a key audit matter.

Our audit procedures including (but are not limited to) assessing the appropriateness of the management's accounting policy for inventory evaluation; evaluating and testing the effectiveness of relevant internal control; sampling and testing the entry timing in the inventory aging report and checking accuracy of inventory aging calculation; assessed the reasonableness of provision on inventory allowance through testing the determination of net realizable values; notice if any obsolete and damaged inventories while stock-taking.

Please refer to Notes 6(5) of the consolidated financial statements for the accounting policies on inventories, critical accounting estimation uncertainty and the details of inventories, respectively.

#### **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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for

overseeing the financial reporting process of the Company and its subsidiaries.

### **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 Standard 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 Standard on Auditing of the Republic of China, we exercise professional judgment and 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2024 consolidated financial statements 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.

## **Other**

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2024 and 2023.

Liu, Jung Chin  
Chang, Cheng Tao

Ernst & Young, Taiwan  
March 5, 2025

### Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

**Z-COM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

**December 31, 2024 and 2023**

(Expressed in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6(1)	\$234,637	31	\$214,912	30
Financial assets measured at amortised cost, current	6(3) and 8	2,732	-	10,126	1
Notes receivable, net	6(4)	8,565	1	25,631	4
Accounts receivable, net	5 and 6(4)	114,144	15	37,348	5
Other receivables		219	-	153	-
Current tax assets		423	-	215	-
Inventories, net	5 and 6(5)	166,934	22	157,373	22
Prepayments and other current assets		29,395	4	38,995	5
Total Current Assets		<u>557,049</u>	<u>73</u>	<u>484,753</u>	<u>67</u>
<b>NON-CURRENT ASSETS</b>					
Financial assets at fair value through other comprehensive income, non-current	6(2)	702	-	733	-
Financial assets measured at amortised cost, non-current	6(3) and 8	11,302	1	11,302	2
Investments accounted for under the equity method	6(6)	-	-	9,326	1
Property, plant and equipment	6(7)	117,290	15	120,465	17
Right-of-use assets	6(9)	50,995	7	52,580	7
Investment property, net	6(8)	4,240	1	4,861	1
Intangible assets		548	-	477	-
Deferred tax assets	6(17)	25,210	3	35,091	5
Prepayment for equipment		-	-	2,763	-
Refundable deposits		243	-	841	-
Total Non-current Assets		<u>210,530</u>	<u>27</u>	<u>238,439</u>	<u>33</u>
<b>TOTAL ASSETS</b>		<u>\$767,579</u>	<u>100</u>	<u>\$723,192</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short-term bank borrowings	6(10)	\$60,000	8	\$100,000	14
Contract liabilities, current	6(14)	10,582	1	15,594	2
Accounts payable		73,011	10	33,657	5
Other payables	6(11)	28,666	4	27,280	4
Lease liabilities, current	6(9)	1,191	-	3,082	-
Other current liabilities		10,513	1	1,245	-
Total Current Liabilities		<u>183,963</u>	<u>24</u>	<u>180,858</u>	<u>25</u>
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities, non-current	6(9)	11,116	1	11,170	2
Other non-current liabilities	6(12)	15,557	2	13,941	2
Total Non-current Liabilities		<u>26,673</u>	<u>3</u>	<u>25,111</u>	<u>4</u>
<b>TOTAL LIABILITIES</b>		<u>210,636</u>	<u>27</u>	<u>205,969</u>	<u>29</u>
<b>EQUITY</b>					
Share capital - common stock	6(13)	717,010	93	717,010	99
Capital surplus	6(13)	489	-	489	-
Retained earnings	6(13)				
Special reserve		37,884	5	37,884	5
Accumulated deficit		(164,610)	(21)	(195,416)	(27)
Other equity		(20,537)	(3)	(29,961)	(4)
Treasury stocks	6(13)	(26,512)	(3)	(26,512)	(4)
Equity attributable to owners of the parent		<u>543,724</u>	<u>71</u>	<u>503,494</u>	<u>69</u>
Non-controlling interests		13,219	2	13,729	2
<b>TOTAL EQUITY</b>		<u>556,943</u>	<u>73</u>	<u>517,223</u>	<u>71</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$767,579</u>	<u>100</u>	<u>\$723,192</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

**Z-COM, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**For the Years Ended December 31, 2024 and 2023**

(In thousands of New Taiwan Dollars, except for earnings per share)

		For the Year Ended December 31, 2024		For the Year Ended December 31, 2023	
	Notes	Amount	%	Amount	%
<b>Operating revenue</b>	6(14)	\$562,311	100	\$431,940	100
<b>Operating costs</b>	6(5) and 6(15)	(380,159)	(68)	(286,493)	(66)
Operating margin		182,152	32	145,447	34
<b>Operating expenses</b>	6(15)				
Sales and marketing expenses		(15,335)	(3)	(15,396)	(4)
General and administrative expenses		(60,559)	(11)	(61,666)	(14)
Research and development expenses		(87,011)	(15)	(81,713)	(19)
Expected credit impairment losses	12(4)	(2,350)	-	(172)	-
Total operating expenses		(165,255)	(29)	(158,947)	(37)
<b>Net other (expenses) income</b>	6(8)	(787)	-	(776)	-
<b>Operating income (loss)</b>		16,110	3	(14,276)	(3)
<b>Non-operating income and expenses</b>					
Share of loss of associates	6(6)	(3,796)	(1)	(5,674)	(1)
Interest income	6(16)	1,964	-	2,277	1
Other income	6(16)	22,667	4	25,596	6
Other gains and losses	6(16)	8,247	2	2,000	-
Finance costs	6(16)	(2,114)	-	(2,764)	(1)
Impairment loss	6(6)	(5,530)	(1)	-	-
Total non-operating income and expenses		21,438	4	21,435	5
<b>Net income before income tax</b>	6(17)	37,548	7	7,159	2
Income tax expense		(7,622)	(2)	(2,444)	(1)
<b>Net income</b>		29,926	5	4,715	1
<b>Other comprehensive income (loss)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Unrealized losses from equity instrument investments measured at fair value through other comprehensive income		(31)	-	(467)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		12,185	2	(7,390)	(2)
Income tax related to items that may be reclassified subsequently	6(17)	(2,360)	-	1,240	-
<b>Total other comprehensive income (loss)</b>		9,794	2	(6,617)	(2)
<b>Total comprehensive income (loss)</b>		\$39,720	7	\$(1,902)	(1)
<b>Net income attributable to:</b>					
Shareholders of the parent		\$30,806	5	\$5,763	1
Non-controlling interests		(880)	-	(1,048)	-
		\$29,926	5	\$4,715	1
<b>Total comprehensive income attributable to:</b>					
Shareholders of the parent		\$40,230	7	\$533	-
Non-controlling interests		(510)	-	(2,435)	(1)
		\$39,720	7	\$(1,902)	(1)
<b>Earnings per share (NTD)</b>					
Earnings per share-basic	6(18)	\$0.45		\$0.08	
Earnings per share-diluted	6(18)	\$0.45		\$0.08	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Z-COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Equity attributable to owners of the parent									
	Share capital - common stock	Capital surplus	Retained Earnings		Other equity		Treasury stocks	Total	Non- controlling interests	Total equity
			Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealized loss on financial assets at fair value through other comprehensive income				
Balance as of January 1, 2023	\$717,010	\$33	\$37,884	\$(201,179)	\$(24,390)	\$(341)	\$(27,210)	\$501,807	\$14,953	\$516,760
Net income for the year ended December 31, 2023	-	-	-	5,763	-	-	-	5,763	(1,048)	4,715
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(5,002)	(228)	-	(5,230)	(1,387)	(6,617)
Total comprehensive income (loss)	-	-	-	5,763	(5,002)	(228)	-	533	(2,435)	(1,902)
Treasury stocks transaction	-	456	-	-	-	-	698	1,154	1,211	2,365
Balance as of December 31, 2023	717,010	489	37,884	(195,416)	(29,392)	(569)	(26,512)	503,494	13,729	517,223
Net income for the year ended December 31, 2024	-	-	-	30,806	-	-	-	30,806	(880)	29,926
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	9,455	(31)	-	9,424	370	9,794
Total comprehensive income (loss)	-	-	-	30,806	9,455	(31)	-	40,230	(510)	39,720
Balance as of December 31, 2024	\$717,010	\$489	\$37,884	\$(164,610)	\$(19,937)	\$(600)	\$(26,512)	\$543,724	\$13,219	\$556,943

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

**Z-COM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2024 and 2023**  
(Expressed in thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income before income tax	\$37,548	\$7,159
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	17,891	21,340
Amortization	384	298
Expected credit impairment losses	2,350	172
Interest expenses	2,114	2,764
Interest income	(1,964)	(2,277)
Share of loss of associates	3,796	5,674
Loss on disposal of property, plant and equipment	287	8
Property, plant, and equipment transfer to expenses	-	110
Impairment loss	5,530	-
Changes in operating assets and liabilities:		
Notes receivable	17,066	3,818
Accounts receivable	(79,146)	(11,716)
Other receivables	(66)	(248)
Inventories, net	(9,561)	45,565
Prepayments and other current assets	9,600	(9,409)
Contract liabilities	(5,012)	14,283
Accounts payable	39,419	(31,085)
Other payables	1,386	(10,307)
Other current liabilities	9,268	550
Other liabilities, noncurrent	1,616	1,771
Cash flows provided by operating activities	<u>52,506</u>	<u>38,470</u>
Interest received	1,964	2,277
Interest paid	(2,114)	(2,764)
Income taxes (paid) refunded	(207)	19
Net cash provided by operating activities	<u>52,149</u>	<u>38,002</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Disposal (acquisition) of financial assets measured at amortized cost	7,394	(11,356)
Acquisitions of property, plant and equipment	(5,883)	(3,024)
Decrease in refundable deposits	598	9
Acquisitions of intangible assets	(571)	-
Disposal of intangible assets	128	-
Increase in prepaid equipment	-	(2,763)
Net cash provided by (used in) investing activities	<u>1,666</u>	<u>(17,134)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in short-term bank borrowings	115,000	335,000
Decrease in short-term bank borrowings	(155,000)	(335,000)
Cash payments for the principal portion of the lease liabilities	(1,613)	(3,335)
Price of treasury stock disposal	-	2,365
Change in non-controlling interests	-	(23,569)
Net cash used in financing activities	<u>(41,613)</u>	<u>(24,539)</u>
<b>EFFECT OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIVALENT</b>	<u>7,523</u>	<u>(5,012)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>19,725</u>	<u>(8,683)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>214,912</u>	<u>223,595</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$234,637</u></u>	<u><u>\$214,912</u></u>

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

## **(IV) Independent Auditors' Report and Unconsolidated Financial Statements**

### **INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE**

To the Board of Directors and Shareholders of Z-Com, Inc.

#### **Opinion**

We have audited the accompanying parent company only balance sheets of Z-Com, Inc. (the "Company") as of December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and their parent company only financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on

these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2024 are stated as follows:

#### Evaluation of inventories

The Company is engaged in the manufacturing and selling of products related to wireless data network systems. Its inventories were measured at the lower of cost and net realisable value. The Company's inventories were significant to the parent company only financial statements and the determination of net realizable value for the inventories involves subjective judgement. Therefore, the evaluation of inventories was identified as a key audit matter.

Our audit procedures including (but are not limited to) assessing the appropriateness of the management's accounting policy for inventory evaluation; evaluating and testing the effectiveness of relevant internal control; sampling and testing the entry timing in the inventory aging report and checking accuracy of inventory aging calculation; assessed the reasonableness of provision on inventory allowance through testing the determination of net realisable values; notice if any obsolete and damaged inventories while stock-taking.

Please refer to Notes 6(4) of the parent company only financial statements for the accounting policies on inventories, critical accounting estimation uncertainty and the details of inventories, respectively.

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

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

#### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial

statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only financial statements.

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2024 parent company only financial statements 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.

Liu, Jung Chin  
Chang, Cheng Tao

Ernst & Young, Taiwan  
March 5, 2025

#### Notice to Readers

The accompanying accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such accompanying parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**Z-COM, INC.****BALANCE SHEETS****December 31, 2024 and 2023**

(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$138,952	17	\$126,789	19
Financial assets at measured amortised cost, current	6(2) and 8	2,732	-	7,367	1
Accounts receivable, net	5 and 6(3)	113,818	14	31,617	5
Accounts receivable-related parties	6(3) and 7	-	-	2,121	-
Other receivables		7	-	7	-
Current tax assets		255	-	150	-
Inventories, net	5 and 6(4)	73,686	9	15,426	3
Prepayments and other current assets		21,561	3	19,758	3
Total Current Assets		351,011	43	203,235	31
NON-CURRENT ASSETS					
Financial assets measured at amortised cost, non-current	6(2) and 8	7,302	1	7,302	1
Investments accounted for under the equity method	6(5)	390,542	47	359,525	55
Property, plant and equipment	6(6)	37,996	5	40,165	6
Right-of-use assets	6(7)	10,281	1	10,937	2
Deferred tax assets	6(15)	25,126	3	35,091	5
Refundable deposits		186	-	126	-
Total Non-current Assets		471,433	57	453,146	69
TOTAL ASSETS		\$822,444	100	\$656,381	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term bank borrowings	6(8)	\$60,000	8	\$100,000	15
Contract liabilities, current	6(12)	9,998	1	9,953	2
Accounts payable		1,154	-	1,122	-
Accounts payable-related parties	7	152,883	19	-	-
Other payables	6(9)	18,036	2	15,817	3
Lease liabilities, current	6(7)	599	-	588	-
Other current liabilities	6(10)	10,320	1	694	-
Total Current Liabilities		252,990	31	128,174	20
NON-CURRENT LIABILITIES					
Lease liabilities, non-current	6(7)	10,173	1	10,772	2
Other non-current liabilities	6(10)	15,557	2	13,941	2
Total Non-current Liabilities		25,730	3	24,713	4
TOTAL LIABILITIES		278,720	34	152,887	24
EQUITY					
Share capital - common stock	6(11)	717,010	87	717,010	109
Capital surplus	6(11)	489	-	489	-
Retained earnings	6(11)				
Special reserve		37,884	5	37,884	6
Accumulated deficit		(164,610)	(20)	(195,416)	(30)
Other equity		(20,537)	(3)	(29,961)	(5)
Treasury stocks	6(11)	(26,512)	(3)	(26,512)	(4)
TOTAL EQUITY		543,724	66	503,494	76
TOTAL LIABILITIES AND EQUITY		\$822,444	100	\$656,381	100

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

**Z-COM, INC.****STATEMENTS OF COMPREHENSIVE INCOME****For the Years Ended December 31, 2024 and 2023**

(In thousands of New Taiwan Dollars, except for earnings per share)

	Notes	For the Year Ended December 31, 2024		For the Year Ended December 31, 2023	
		Amount	%	Amount	%
<b>Operating revenue</b>	6(12) and 7	\$556,434	100	\$386,693	100
<b>Operating costs</b>	6(4) and 7	(451,000)	(81)	(295,051)	(76)
<b>Operating margin</b>		105,434	19	91,642	24
<b>Operating expenses</b>	6(13)				
Sales and marketing expenses		(10,195)	(2)	(12,843)	(3)
General and administrative expenses		(29,674)	(5)	(34,440)	(9)
Research and development expenses	7	(73,284)	(13)	(58,807)	(15)
Expected credit impairment losses	12(4)	(2,127)	-	(172)	-
Total operating expenses		(115,280)	(21)	(106,262)	(27)
<b>Operating loss</b>		(9,846)	(2)	(14,620)	(3)
<b>Non-operating income and expenses</b>					
Interest income	6(14)	1,447	-	1,652	-
Other income	6(14)	25,473	5	28,373	7
Other gains and losses	6(14)	4,139	1	(204)	-
Finance costs	6(14)	(2,044)	-	(2,583)	(1)
Share of profit or loss of subsidiaries and associates accounted	6(5)	24,763	4	(4,411)	(1)
Impairment loss	6(5)	(5,530)	(1)	-	-
Total non-operating income and expenses		48,248	9	22,827	5
<b>Net income before income tax</b>		38,402	7	8,207	2
Income tax expense	6(15)	(7,596)	(1)	(2,444)	(1)
<b>Net income</b>		30,806	6	5,763	1
<b>Other comprehensive income (loss)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Unrealized losses from equity instrument investments					
measured at fair value through other comprehensive income		(15)	-	(228)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		11,799	2	(6,242)	(2)
Income tax related to items that may be reclassified subsequently	6(15)	(2,360)	-	1,240	-
<b>Total other comprehensive income (loss)</b>		9,424	2	(5,230)	(2)
<b>Total comprehensive income</b>		\$40,230	8	\$533	(1)
<b>Earnings per share (NTD)</b>					
Earnings per share-basic	6(16)	\$0.45		\$0.08	
Earnings per share-diluted	6(16)	\$0.45		\$0.08	

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Z-COM, INC.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Equity attributable to owners of the parent							
	Retained Earnings				Other equity			Total
	Share capital - common stock	Capital surplus	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Share of loss of associates and joint ventures accounted for using equity method	Treasury stocks	
Balance as of January 1, 2023	\$717,010	\$33	\$37,884	\$(201,179)	\$(24,390)	\$(341)	\$(27,210)	\$501,807
Net income for the year ended December 31, 2023	-	-	-	5,763	-	-	-	5,763
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(5,002)	(228)	-	(5,230)
Total comprehensive income (loss)	-	-	-	5,763	(5,002)	(228)	-	533
Treasury stocks transaction	-	456	-	-	-	-	698	1,154
Balance as of December 31, 2023	717,010	489	37,884	(195,416)	(29,392)	(569)	(26,512)	503,494
Net income for the year ended December 31, 2024	-	-	-	30,806	-	-	-	30,806
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	9,439	(15)	-	9,424
Total comprehensive income (loss)	-	-	-	30,806	9,439	(15)	-	40,230
Balance as of December 31, 2024	\$717,010	\$489	\$37,884	\$(164,610)	\$(19,953)	\$(584)	\$(26,512)	\$543,724

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

**Z-COM, INC.****STATEMENTS OF CASH FLOWS****For the Years Ended December 31, 2024 and 2023**

(Expressed in thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income before income tax	\$38,402	\$8,207
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	4,285	4,249
Expected credit impairment losses	2,127	172
Interest expense	2,044	2,583
Interest income	(1,447)	(1,652)
Share of (profit) loss of subsidiaries and associates accounted	(24,763)	4,411
Gain on disposals of investment	(163)	-
Impairment loss	5,530	-
Changes in operating assets and liabilities:		
Accounts receivable	(84,328)	(12,840)
Accounts receivable-related parties	2,121	(2,121)
Other receivables	-	(119)
Inventories, net	(58,260)	27,606
Prepayments and other current assets	(1,803)	(186)
Contract liabilities, current	45	9,323
Accounts payable	32	(1,441)
Accounts payable-related parties	152,883	(21,123)
Other payables	2,219	(7,645)
Other current liabilities	9,626	161
Net defined benefit liabilities	1,616	1,771
Cash flows provided by operating activities	50,166	11,356
Interest received	1,447	1,652
Interest paid	(2,044)	(2,583)
Income taxes (paid) refunded	(96)	19
Net cash flows provided by operating activities	49,473	10,444
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Disposal (acquisitions) of financial assets measured at amortised cost	4,635	(7,367)
Acquisitions of property, plant and equipment	(1,460)	-
Disposal of property, plant and equipment	163	-
Increase in refundable deposits	(60)	-
Net cash flows provided by (used in) investing activities	3,278	(7,367)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in short-term bank borrowings	110,000	335,000
Decrease in short-term bank borrowings	(150,000)	(335,000)
Cash payment for the principal portion of the lease liabilities	(588)	(577)
Net cash flows used in financing activities	(40,588)	(577)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,163	2,500
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	126,789	124,289
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$138,952	\$126,789

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

## (V) Deficit Compensation Statement

### Z-COM, Inc. Deficit Compensation Statement for 2024

Unit: NTD\$	
Items	Total
Deficit yet to be compensated – at the beginning of 2024	(195,414,765)
+ : net profit after tax for 2024	30,804,724
Deficit yet to be compensated – at the end of 2024	(164,610,041)

(Note) According to Article 28 of the Articles of Association, if there is a surplus in the annual financial statements, the deficit should be compensated first.

Chairman : Fan En Technology. Co., Ltd. .  
Legal representative, John S. Shieh

CEO : WU CHIA-FANG

Accounting Officer: CHUANG, HUI-HUA

**(VI) Comparison table before and after the amendments to the "Article of Incorporation"**

Amendment article	Existing article	Explanation
<p>Article 27: The company shall distribute employee compensation at a rate of 10% to 15% of the profits of the current fiscal year, and shall distribute director compensation at a rate not exceeding 3% of the profits of the current fiscal year. However, if the company has accumulated losses, they shall be compensated first.</p> <p><u>If the company has profits in a fiscal year, 7% to 12% of the profits shall be allocated for salary adjustments or remuneration distribution to grassroots employees based on the profit status of that year. However, if the company still has accumulated losses, the losses should be covered first.</u></p> <p>Employee compensation may be in the form of stocks or cash, and recipients of stocks or cash may include employees of controlling or subsidiary companies who meet certain conditions.</p> <p>The profits of the current fiscal year referred to in the first paragraph mean the pre-tax profit for the current fiscal year before deducting employee and director compensation.</p> <p>The distribution of employee and director compensation shall be approved by a resolution of the board of directors with the attendance of at least two-thirds of the directors and the agreement of a majority of the attending directors, and shall be reported to the shareholders' meeting.</p>	<p>Article 27: The company shall distribute employee compensation at a rate of 10% to 15% of the profits of the current fiscal year, and shall distribute director compensation at a rate not exceeding 3% of the profits of the current fiscal year. However, if the company has accumulated losses, they shall be compensated first.</p> <p>Employee compensation may be in the form of stocks or cash, and recipients of stocks or cash may include employees of controlling or subsidiary companies who meet certain conditions.</p> <p>The profits of the current fiscal year referred to in the first paragraph mean the pre-tax profit for the current fiscal year before deducting employee and director compensation.</p> <p>The distribution of employee and director compensation shall be approved by a resolution of the board of directors with the attendance of at least two-thirds of the directors and the agreement of a majority of the attending directors, and shall be reported to the shareholders' meeting</p>	<p>According to the letter No. 1130077296 of the Republic of China Securities OTC Trading Center on November 11, 2024, it is proposed to amend some provisions of the company's "Article of Incorporation".</p>
<p>Article 31: This Articles of Incorporation were established by the initiators' meeting and agreed upon by all initiators on February 23, 1995. It shall take effect from the date of approval and registration by the competent authority.</p>	<p>Article 31: This Articles of Incorporation were established by the initiators' meeting and agreed upon by all initiators on February 23, 1995. It shall take effect from the date of approval and registration by the competent authority.</p>	<p>Added revision date and number</p>

Amendment article	Existing article	Explanation
<p>Slightly</p> <p>The Articles of Incorporation were seventeenth revised on May 26, 2022.  <u>The Articles of Incorporation were eighteenth revised on May 27, 2025.</u></p>	<p>Slightly</p> <p>The Articles of Incorporation were seventeenth revised on May 26, 2022.</p>	

**(VII): List of Candidates for Directors and Independent Directors**

<b>Candidate Category</b>	<b>Name</b>	<b>Gender</b>	<b>Main education and experience</b>	<b>Number of shares held</b>
Director	Fan En Technology Co., Ltd.	Not applicable	<u>Education:</u> Not applicable <u>Experience:</u> Not applicable	3,866,909
Director	CHEN, YU AN	Male	<u>Education:</u> Master's degree in Engineering from the Transportation Research Institute at National Chiao Tung University. <u>Experience:</u> Vice Chairman of Ablere Electronic Co., Ltd. Director, Supervisor of United Integrated Services Co., Ltd Director, Supervisor of Z-COM, Inc. Director of United Integrated Services Co., Ltd	894,935
Director	WU, CHIA-FANG	Female	<u>Education:</u> Bachelor of English, National Changhua University of Education. ITI Ministry of Economic Affairs Foreign Trade Association Trade Talent Development Program-Master's degree equivalent. <u>Experience:</u> Marketing and Sales Director, Z-COM, Inc. Deputy General Manager, Z-COM, Inc. Legal Representative and Director, Z-COM, Inc. Chairman of Fan En Technology Co., Ltd. Director, Z-Wireless Technology, LTD.	925,027
Director	SU, YUAN-LIANG	Male	<u>Education:</u> Georgia Institute of Technology PHD in Industrial & Systems Engineering <u>Experience:</u> Independent Director of Z-COM, Inc. Independent Director of Ablere Electronic Co., Ltd. Legal Representative and Director of ARIMA PHOTOVOLTAIC & OPTICAL CORP.	0
Director	Tearoom Bowie CO., LTD.	Not applicable	<u>Education:</u> Not applicable <u>Experience:</u> Not applicable	1,000

<b>Candidate Category</b>	<b>Nane</b>	<b>Gender</b>	<b>Main education and experience</b>	<b>Number of shares held</b>
Independent Director	CHOU, YIH-HENG	Male	<u>Education:</u> Ph.D. in Business Administration from National Chengchi University. <u>Experience:</u> Professor at the Department of Business Administration, National Sun Yat-sen University. Founding Dean of the College of Management, National Chiayi University. Dean of Academic Affairs and Vice President of National Sun Yat-sen University. Guest Professor at Kaohsiung Medical University. Executive Director of Chinese Management Association. CEO of Accreditation of Chinese Collegiate School of Business (ACCBE)	0
Independent Director	ZHENG SHENG-QING	Male	<u>Education:</u> Ph.D. in Computer Science and Engineering from National Chiao Tung University. <u>Experience:</u> Technical Director of the Information and Communications Research Division, ITRI. Deputy Director of the Information and Communications Research Division, ITRI. Technical Director of Visual Communication, Office of the Director, Information and Communications Research Division, ITRI. Group Leader of Video and Optical Communication Technology / Optical Communication and Broadband Integration Technology, Information and Communications Research Division, ITRI. Executive Secretary of the Communication Industry Development Task Force, Ministry of Economic Affairs. Executive Secretary of the Digital Video Industry Promotion Task Force, Ministry of Economic Affairs. Deputy Group Leader of the Communication Systems Group, Electronics and Telecommunications Research Division, ITRI.	0

<b>Candidate Category</b>	<b>Nane</b>	<b>Gender</b>	<b>Main education and experience</b>	<b>Number of shares held</b>
			Deputy Group Leader of the Computer Communications Group, Electronics and Telecommunications Research Division, ITRI. Manager / Deputy Manager of the Network Management Systems Department, Electronics and Telecommunications Research Division, ITRI. Recipient of the Ten Outstanding Engineers Award (September 2003).	
Independent Director	CHAI WAN-HUI	Female	<u>Education:</u> MS, Baruch College, the City University of New York <u>Experience:</u> Regional Treasury Chief Risk Officer, HK Hub (Greater China and North Asia), Standard Chartered Bank Hong Kong	0
Independent Director	XU YIN-ZHU	Female	<u>Education:</u> Master's Degree in Business Management, Cheng Shiu University. <u>Experience:</u> Independent Director of Golden Win International CORP. Independent Director of Jia Jie Biomedical Co., Ltd. Manager of DAILY POLYMER CORP.	0

**(VIII): List of concurrent positions held by candidates for directors and independent directors**

<b>Category</b>	<b>Nane</b>	<b>Currently holding concurrent positions at other companies.</b>
Director	Fan En Technology Co., Ltd.	Director of Z-COM, Inc.
Director	CHEN, YU AN	Director of Ablere Electronic Co., Ltd. Director of Z-COM, Inc. Director of Eco Energy Corporation
Director	WU, CHIA-FANG	CEO of Z-COM, Inc. Director of Fan En Technology Co., Ltd. Director, Z-COM, Inc. CEO of JiangXi Zwaveasia Technology Co., Ltd. Director of Intelligent platform for IoT services co., LTD. Director of CHUNGHWA SOCHAMP TECHNOLOGY INC.

<b>Category</b>	<b>Nane</b>	<b>Currently holding concurrent positions at other companies.</b>
Director	SU, YUAN-LIANG	Chairman of Surplux Energy Inc. Independent Director of Z-COM, Inc. Independent Director of Ablrex Electronic Co., Ltd.
Independent Director	CHOU, YIH-HENG	CEO of Accreditation of Chinese Collegiate School of Business(ACCBE) Independent Director of Z-COM, Inc.
Independent Director	CHAI WAN-HUI	Regional Treasury Chief Risk Officer, HK Hub (Greater China and North Asia), Standard Chartered Bank Hong Kong.
Independent Director	XU YIN-ZHU	Independent Director of Golden Win International CORP. Independent Director of Jia Jie Biomedical Co., Ltd. Manager of DAILY POLYMER CORP.

## **IV. Appendix**

### **Appendix ( I ): Article of Incorporation**

#### **Z-COM,INC.**

#### **Article of Incorporation**

##### **Chapter 1 General Provisions**

- Article 1:** This company is organized in accordance with the regulations of the Company Law for Limited Liability Companies, and is named "智捷科技股份有限公司" in Chinese and "Z-COM, INC." in English.
- Article 2:** The business scope of the Company is as follows:  
F401021 Import of Telecommunications Regulatory RF Equipment  
CC01101 Manufacture of Telecommunications Regulatory RF Equipment  
1. Research, development, production, manufacturing, and sales of the following products:  
(1) Fixed-point wireless data network systems including fixed-point data communication machines, network communication software, and network management software.  
(2) Mobile data communication machines.  
(3) Digital cellular mobile communication systems.  
(4) Spread spectrum wireless data communication systems.  
(5) Digital subscriber loop systems.  
2. Related system integration and consulting services for the above products.  
3. Concurrently engaged in import and export trading business related to the Company's business.
- Article 3:** The company has its headquarters located in the Hsinchu Science Park, Taiwan, and may establish branch offices domestically or internationally with the approval of the board of directors and relevant authorities if necessary.
- Article 4:** The company's total investment in subsidiary companies is not subject to the limitation of 40% of the paid-in capital as stipulated in Article 13 of the Company Act.
- Article 4-1:** The company may provide endorsement guarantees to external parties, and such operations shall be carried out in accordance with the company's endorsement guarantee operation procedures.

##### **Chapter 2 Shares**

- Article 5:** The authorized capital of the Company is NT\$1 billion divided into 100 million shares (including 10 million shares of employee stock option certificates) with a par value of NT\$10 per share. The unissued shares may be issued by the Board of Directors in several tranches.  
The transferees of treasury shares acquired by the Company may include

employees of the Company's subsidiaries or affiliates who meet certain conditions.

The recipients of employee stock option certificates may include employees of the Company's subsidiaries or affiliates who meet certain conditions.

The employees who subscribe for newly issued shares may include employees of the Company's subsidiaries or affiliates who meet certain conditions.

The recipients of restricted stock awards issued to employees may include employees of the Company's subsidiaries or affiliates who meet certain conditions.

**Article 6 :** The stocks of this company are registered and should be numbered, signed or stamped by the directors representing the company, and then certified by the competent authority or the registration institution approved by it before being issued. This company may also choose to issue stocks in an electronic form.

**Article 7 :** Shareholders of this company may conduct stock affairs such as transfer, pledge, loss report, inheritance, gift, seal loss or change, or address change, except for those otherwise stipulated by laws and securities regulations, in accordance with the regulations of the "Regulations Governing the Handling of Shareholder Services of Public Companies Issuing Stocks".

**Article 8 :** Deleted

### **Chapter 3 Shareholder's Meeting**

**Article 9 :** The transfer of shares shall be suspended within 60 days before each annual shareholders' meeting, 30 days before any special shareholders' meeting, or 5 days before the record date for distribution of dividends or other benefits as determined by the Company.

**Article 10 :** The shareholder meetings of the Company shall be classified into the following two types:

1. Annual General Meeting: It shall be convened by the Board of Directors within six months after the end of each fiscal year.

2. Extraordinary General Meeting: It shall be convened when necessary.

**Article 11 :** The notice of calling a regular shareholders' meeting shall be given to all shareholders at least thirty days in advance, and the notice of calling a special shareholders' meeting shall be given at least fifteen days in advance, specifying the date, time, place, and purpose of the meeting.

**Article 11-1 :** The method of convening our company's shareholders' meeting has been decided by the board of directors to allow for physical shareholders' meetings with video assistance, virtual shareholders' meetings, or other methods announced by the competent authority. The company shall comply with the conditions, operating procedures, and other applicable matters as required by the securities regulatory authority.

**Article 12 :** Shareholders of our company may exercise their voting rights in writing or electronically during the shareholders' meeting.

**Article 13 :** In case a shareholder is unable to attend the shareholders' meeting due to unforeseen circumstances, they may issue a power of attorney issued by the company to authorize a proxy to attend on their behalf. The procedures for

shareholders to authorize attendance by proxy shall comply with the "Rules Governing the Use of Powers of Attorney for Attendance at Shareholders' Meetings of Public Companies" promulgated by the competent authority, unless otherwise provided by laws and regulations.

Article 14: Each share held by a shareholder of the corporation carries one voting right, except in cases where the provisions of Article 179 of the Company Act Apply and the shareholder is not entitled to exercise their voting right.

Article 15: Resolutions at a shareholders' meeting shall, unless otherwise provided for in this Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

A company whose shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting shall describe in the shareholders' meeting notice the method of exercising their voting power.

Article 15-1: When the corporation plans to delist its publicly issued stocks, it must obtain a resolution from a shareholders' meeting, and the delisting plan shall not be altered during the period when the stocks are listed on the Emerging Stock Market or the Over-the-Counter Market, as applicable.

#### **Chapter 4 Directors, Audit Committee, and Management**

Article 16: The company shall have a board of directors consisting of seven to ten members. The number of directors shall be determined by the board of directors and shall follow the system of nomination of candidates. Among the above-mentioned director seats, at least two independent directors shall be appointed, and the number of independent directors shall not be less than one-fifth of the total number of directors. If the chairman of the board and the general manager or equivalent positions are the same person, or if they are spouses or relatives within the first degree, the number of independent directors shall not be less than four. During director elections, the provisions of Article 198 of the Company Act shall be followed, and independent directors and non-independent directors shall be elected together, with separate calculations for the number of elected positions. The candidate with the most votes shall be elected as an independent director or non-independent director, respectively.

The company has established an "Audit Committee" in accordance with the law, and matters related to the number of committee members, term, duties, and rules of procedure shall be governed by the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies". The organization regulations for the Audit Committee shall be separately formulated. The term of office for directors shall be three years, and they shall be appointed by the shareholders' meeting from among individuals with legal capacity, and may be re-elected consecutively.

The total shareholding of the registered shares of the company held by all directors shall be determined in accordance with the standards set forth in the "Regulations Governing the Shareholding Percentage of Directors and Supervisors and the Implementation of Audit for Public Companies"

promulgated by the Financial Supervisory Commission of the Executive Yuan.

The company may purchase liability insurance during the directors' term of office to cover the compensation liability they should bear for their scope of business in accordance with the law.

**Article 17:** The Board of Directors is organized by the directors and has the following authorities:

1. To prepare the business plan.
2. To propose the distribution of profits or the appropriation of losses.
3. To propose capital increases or decreases.
4. To draft important regulations and contracts.
5. To appoint and dismiss the General Manager and Deputy General Manager of the company.
6. To establish and dissolve branch offices.
7. To formulate budgets and final accounts.
8. To approve the sale and purchase of real estate and investments in other businesses.
9. Other authorities granted by the Company Act or resolutions of the shareholders' meeting.

**Article 18:** The Board of Directors shall be attended by more than two-thirds of the directors, and with the consent of a majority of the attending directors, one person shall be elected as the Chairman of the Board, and another person may be elected as Vice Chairman of the Board in the same manner.  
formal and in the law perspective.

**Article 19:** The Board of Directors shall be convened by the Chairman of the Board, except as otherwise provided by the Company Law, and shall be held at least once every three months. The resolution of the Board of Directors shall be passed by the affirmative vote of a majority of the attending directors, provided that the attendance of a majority of the directors is required, except as otherwise provided by the Company Law.

Directors shall personally attend the Board of Directors meetings. In case a director is unable to attend due to unavoidable circumstances, he or she may authorize another director to attend on his or her behalf, but the authorized director shall be limited to one person.

The Board of Directors may conduct meetings via video conference, and a director who attends the meeting via video conference shall be deemed to have participated in person.

**Article 20:** The Chairman of the Board is the President of the Board of Directors. When the Chairman of the Board is absent or unable to perform his duties due to reasons, his representative shall handle the matter in accordance with Article 208 of the Company Law.

**Article 21:** Deleted

**Article 22:** In accordance with Article 29 of the Company Act, the appointment, dismissal, and remuneration of the General Manager and several Deputy General Managers shall be handled by the corporation.

**Article 23:** The General Manager shall be responsible for the management of the company's business in accordance with the resolutions of the Board of

Directors.

Article 24: The remuneration of all directors, regardless of profit or loss, may be authorized by the Board of Directors at a level consistent with industry standards. For independent directors, reasonable remuneration may be set differently from that of ordinary directors, with authorization from the Board of Directors.

### **Chapter 5 Accounting**

Article 25: The fiscal year of the company shall be from January 1 to December 31. An annual settlement shall be conducted at the end of each fiscal year.

Article 26: The company shall prepare the following documents in accordance with Article 228 of the Company Law and submit them to the regular shareholders' meeting for approval at the end of each fiscal year:

1. Business report
2. Financial statements
3. Proposal for profit distribution or deficit offset

Article 27: The company shall distribute employee compensation at a rate of 10% to 15% of the profits of the current fiscal year, and shall distribute director compensation at a rate not exceeding 3% of the profits of the current fiscal year. However, if the company has accumulated losses, they shall be compensated first.

Employee compensation may be in the form of stocks or cash, and recipients of stocks or cash may include employees of controlling or subsidiary companies who meet certain conditions.

The profits of the current fiscal year referred to in the first paragraph mean the pre-tax profit for the current fiscal year before deducting employee and director compensation.

The distribution of employee and director compensation shall be approved by a resolution of the board of directors with the attendance of at least two-thirds of the directors and the agreement of a majority of the attending directors, and shall be reported to the shareholders' meeting.

Article 28: If there is a surplus in the annual settlement of this company, after paying taxes and donations in accordance with the law and making up for accumulated losses, 10% of the surplus shall be set aside as legal surplus reserves. However, if the legal surplus reserves have reached the actual paid-in capital of this company, no further provision shall be made. The remaining surplus shall be provisioned or converted into special surplus reserves in accordance with relevant laws and regulations. If there is still a balance, the board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for approval of dividend distribution to shareholders.

The dividend distribution policy of this company shall take into account the current and future investment environment, capital needs, domestic and international competitive situation, and capital budgeting, and shall balance the interests of shareholders and the company's long-term financial planning. The dividend payable to shareholders shall be provisioned from the

accumulated distributable surplus, of which no less than 50% of the distributable surplus for the current year shall be used, and the proportion of cash dividends shall not be less than 10% of the total dividends.

**Article 28-1:** The board of directors of the Company is authorized to distribute dividends or allocate the whole or a portion of legal or capital reserves in the form of cash by a resolution passed by at least two-thirds of the directors present at a meeting where a quorum is met and more than half of the attending directors vote in favor. Such resolution shall be reported to the shareholders' meeting and shall not be subject to the provisions related to shareholders' meeting resolutions under this article.

### **Chapter 6 Supplementary Provisions**

**Article 29:** Separate organizational rules and operational procedures for the company will be established.

**Article 30:** Any matters not covered by these Articles of Incorporation shall be handled in accordance with the regulations stipulated by the Company Law.

**Article 31:** This Articles of Incorporation were established by the initiators' meeting and agreed upon by all initiators on February 23, 1995. It shall take effect from the date of approval and registration by the competent authority.

The Articles of Incorporation were first revised on September 2, 1995.

The Articles of Incorporation were second revised on May 20, 1996.

The Articles of Incorporation were third revised on May 26, 1997.

The Articles of Incorporation were fourth revised on June 6, 1998.

The Articles of Incorporation were fifth revised on May 26, 2000.

The Articles of Incorporation were sixth revised on August 8, 2000.

The Articles of Incorporation were seventh revised on May 29, 2001.

The Articles of Incorporation were eighth revised on May 10, 2002.

The Articles of Incorporation were ninth revised on June 1, 2004.

The Articles of Incorporation were tenth revised on June 29, 2006.

The Articles of Incorporation were eleventh revised on May 25, 2012.

The Articles of Incorporation were twelfth revised on May 31, 2013.

The Articles of Incorporation were thirteenth revised on June 6, 2014.

The Articles of Incorporation were fourteenth revised on May 27, 2016.

The Articles of Incorporation were fifteenth revised on May 31, 2018.

The Articles of Incorporation were sixteenth revised on May 31, 2019.

The Articles of Incorporation were seventeenth revised on May 26, 2022.

## **Appendix (II): Rules of Procedure for Shareholders' Meeting.**

### **Z-COM,INC.**

### **Rules of Procedure for Shareholders' Meeting**

First Amendment: June 6, 1998

Second Amendment: May 26, 2000  
Third Amendment: May 10, 2002  
Fourth Amendment: June 29, 2006  
Fifth Amendment: May 25, 2012  
Sixth Amendment: May 29, 2015  
Seventh Amendment: May 31, 2019  
Eighth Amendment: May 29, 2020  
Ninth Amendment: July 26, 2021  
Tenth Amendment: May 24, 2023  
Eleventh Amendment: May 24, 2024

1. Except as otherwise provided by law and regulation, the company's shareholders' meeting shall be conducted by these rules.

2. Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

This Corporation convenes a shareholders' meeting via video conference, unless otherwise stipulated by the standards for handling stock affairs of publicly traded companies, it should be specified in the articles of incorporation and resolved by the Board of Directors. Moreover, the video conference shareholders' meeting should be conducted with a resolution agreed upon by at least two-thirds of the directors present and a majority of the attending directors.

Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. If, however, this Corporation has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting.

In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.

This Corporation shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

- a) For physical shareholders meetings, to be distributed on-site at the meeting.
- b) For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
- c) For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and

public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, 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, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

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

A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with 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 book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

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

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

3. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days

before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

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

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

4. The venue for a shareholders meeting shall be the premises of this Corporation, 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. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

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

5. This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

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

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

This Corporation 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 directors 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.

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

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, 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.

To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:

- 1 ) How shareholders attend the virtual 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:
    - a) 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.
    - b) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
    - c) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
    - d) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
  - 3 ) To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. Except as provided by Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Share Affairs of Public Companies, the company shall at least provide shareholders with the necessary connection equipment and assistance. It should also specify the period during which shareholders can apply to the company and other related matters that require attention.
6. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
- It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors.
- If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

7. This Corporation, 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. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, 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 this Corporation 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. In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.
8. 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 correspondence or electronically. 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. In the event of a virtual shareholders meeting, this Corporation 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 pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
9. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed

without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

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

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

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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

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.

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

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.

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

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing 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 5 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.

11. Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
12. 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 this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

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

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

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

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.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

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

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

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

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

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

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

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

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

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

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of

the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

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

15. On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

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

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

16. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

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

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

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.

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

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

18. In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.
19. When this Corporation 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.
20. In the event of a virtual shareholders meeting, this Corporation 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 this Corporation 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 minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not 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, this Corporation 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 Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

21. When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online. Except as provided by Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Share Affairs of Public Companies, the company shall at least provide shareholders with the necessary connection equipment and assistance. It should also specify the period during which shareholders can apply to the company and other related matters that require attention.
22. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

## **Appendix (III): Regulations Governing the Election of Directors**

### **Z-COM, INC.**

#### **Regulations Governing the Election of Directors**

Adopted by the Shareholders' Meeting on June 29, 2006  
First Revision by the Shareholders' Meeting on May 25, 2012  
Second Revision by the Shareholders' Meeting on May 29, 2015  
Third Revision by the Shareholders' Meeting on May 31, 2018  
Fourth Revision by the Shareholders' Meeting on May 31, 2019  
Fifth Revision by the Shareholders' Meeting on July 26, 2021

1. The election of directors of the company, unless otherwise provided by laws or the articles of association, shall be handled in accordance with these regulations.
2. The appointment of the company's directors should consider the overall composition of the Board of Directors. The composition of the board should be diverse, taking into account the company's operational practices, business model, and development needs. The criteria for diversity should include, but are not limited to, the following two main aspects:

- A. Basic criteria and values: gender, age, nationality, and culture.
- B. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The board members should generally possess the knowledge, skills, and literacy necessary for performing their duties. The overall capabilities of the board should include the following:

- A. Operational judgment.
- B. Accounting and financial analysis.
- C. Management capability.
- D. Crisis management.
- E. Industry knowledge.
- F. International market perspective.
- G. Leadership ability.
- H. Decision-making ability.

More than half of the board seats must not have any marital or second-degree kinship relationship among them. The Board of Directors should consider adjusting the composition of its members based on the results of performance evaluations.

3. The qualifications of the company's independent directors shall comply with the provisions of Articles 2 to 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The appointment of the company's independent directors shall comply with Articles 5 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and shall be handled in accordance with Article 24 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
4. The election of the company's directors shall be conducted in accordance with the nomination

system for candidates stipulated in Article 192-1 of the Company Act. If a director is dismissed for any reason, resulting in the number of directors falling below the number stipulated in the articles of association, or the number of independent directors falling below the provisions of the proviso to Article 14-2, Paragraph 1 of the Securities and Exchange Act, the company shall hold a by-election at the next shareholders' meeting. However, if the number of director vacancies reaches one-third of the number stipulated in the articles of association, or if all independent directors are dismissed, an extraordinary shareholders' meeting shall be convened within 60 days from the date of the occurrence to hold a by-election.

5. The election of the company's directors shall adopt a cumulative voting system. Each share shall have voting rights equivalent to the number of directors to be elected. The voting rights may be concentrated to elect one person or distributed to elect several people. Shareholders may exercise their voting rights electronically, and the method of exercising such rights shall be specified in the shareholders' meeting notice.
6. The Board of Directors shall prepare ballots equivalent to the number of directors to be elected, and fill in the voting power on each ballot. These ballots shall be distributed to the shareholders present at the shareholders' meeting. The name of the elector shall be replaced by the attendance certificate number printed on the ballot.
7. The election of the company's directors, based on the number of seats specified in the articles of association, shall separately calculate the election rights for independent and non-independent directors. The candidates who receive more votes representing higher voting rights shall be elected sequentially. If two or more candidates receive the same number of votes and exceed the specified number of seats, the candidates with the same number of votes shall draw lots to determine the winner. For absentees, the chairman shall draw lots on their behalf. If an elected director's personal information is found to be inconsistent or if the election is invalid under relevant laws, the vacancy shall be filled by the candidate who received the next highest number of votes in the same shareholders' meeting.
8. Before the election begins, the chairman shall appoint a certain number of scrutineers and vote-counters with shareholder status to execute various related duties. The Board of Directors shall set up ballot boxes, which shall be opened by the scrutineers in public before voting begins.
9. Ballots shall be considered invalid in the following cases:
  - A. Use of ballots not prepared by the convener.
  - B. Blank ballots placed into the ballot box.
  - C. Illegible or altered ballots.
  - D. The names of candidates filled in on the ballot do not match the list of director candidates.
  - E. Additional text besides the allocated voting rights.
10. After the voting is completed, the ballots shall be counted on the spot, and the results of the election, including the list of elected directors and their voting rights, shall be announced by the chairman on the spot. The election ballots for the items mentioned in the preceding paragraph shall be sealed and signed by the scrutineers and properly kept for at least one year. However, if shareholders file a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation.

11. The company shall issue election notifications to the elected directors separately through the Board of Directors.
12. These regulations shall be implemented after approval by the shareholders' meeting, and the same shall apply to amendments.

## **Appendix (IV): Total Shares Held and Minimum Shares Required to be Held by Directors and Independent Directors**

- (I) The total number of shares issued by the Corporation is 71,701,000 shares. According to Article 26 of the Securities and Exchange Act and the Regulations Governing Shareholdings of Directors and Supervisors of Public Companies, the minimum number of shares that all directors of the Corporation should hold is 7,170,100 shares (10%). As the Corporation has appointed three independent directors, the percentage of shareholding required by all directors (excluding independent directors) is reduced to 80%, so the minimum number of shares required to be held by all directors (excluding independent directors) is 5,736,080 shares.
- (II) As the Corporation has established an audit committee, the Regulations Governing Shareholdings of Supervisors do not apply.

Record Date for Share Transfer: March 29, 2025.

<b>Title</b>	<b>Name</b>	<b>Numbers of share helds</b>	<b>Percentage of share helds</b>
Chairman	Fan En Technology Co., Ltd. Legal Representative Director John S. Shieh	3,866,909	5.39%
Director	Ying Hong Commercial Co., Ltd. Legal Representative Director : WU, TZY-HSIN	521,276	0.73%
Director	CHEN, YU AN	894,935	1.25%
Director	WU CHIA-FANG	925,027	1.29%
Independent Director	CHOU, YIH-HENG	0	0%
Independent Director	HUANG · TAI-SHENG	0	0%
Independent Director	Yuan-liang Su	0	0%
Total Number of Shares Held by All Directors		6,208,147	8.66%
Minimum Number of Shares Each Director Should Hold		5,736,080	8.00%

## **Appendix (V): Acceptance of Shareholder Proposals at the Annual Shareholders' Meeting**

- (I) Pursuant to Article 172-1 of the Company Law, shareholders holding more than one percent of the total issued shares may submit a written proposal to the corporation for consideration at the annual shareholders' meeting. Each proposal is limited to one item and shall not exceed 300 words (including words and punctuation). Any proposal exceeding this limit shall not be included in the agenda. The proposing shareholder shall attend the meeting in person or authorize another person to attend and participate in the discussion of the proposal.
- (II) For the 2025 annual shareholders' meeting, the acceptance period for shareholder proposals was from March 10, 2025 to March 20, 2025, and was duly announced on the Public Information Observation System in accordance with the law.
- (III) During the aforementioned acceptance period, the corporation did not receive any shareholder proposals.