

Stock Code: 6416

CASwell, Inc.

Meeting Agenda for 2023  
Shareholders' Meeting  
Meeting Handbook

June 14, 2023

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**CASwell, Inc.**  
**Meeting Agenda for 2023 Shareholders' Meeting**

Meeting Methods: Physical Shareholders' Meeting

Time: 9:00 a.m, June 14, 2023

Address: Meeting Room, F4, No.10, Jiankang Road, Zhonghe District,  
New Taipei City

- I. Report on Number of Shares Represented at the Meeting
- II. Call for a Meeting
- III. Chairman's Remarks
- IV. Matters Reported
- V. Matters Ratified
- VI. Matters Discussed
- VII. Election Matters
- VIII. Other Matters
- IX. Extemporaneous Motions
- X. Adjournment

# **CASwell, Inc.**

## **Meeting Agenda for 2023 Shareholders' Meeting**

- I. Meeting Methods: Physical Shareholders' Meeting
- II. Chairman's Remarks
- III. Matters Reported
  - (I) Business Report for 2022
  - (II) Audit Committee's Review Report
  - (III) Report on the Distribution of Remuneration for Employees and Directors of 2022
  - (IV) Report on Cash Dividends Distribution of Earnings for 2022.
- IV. Matters Ratified
  - (I) 2022 Business Report and Financial Statements
  - (II) 2022 Earnings Distribution Plan
- V. Matters Discussed
  - (I) Amendments to the Election Procedures of Directors
  - (II) Amendments to the Procedures for Acquiring or Disposing of Assets
- VI. Election Matters

General reelection of directors of the Company
- VII. Other Matters

Proposal to release the newly elected directors from non-competition restrictions
- VIII. Extemporaneous Motions
- IX. Adjournment

## Matters Reported

Proposal 1: 2022 Business Report.

Notes: Please refer to Attachment 1 (Page 11-13) for the business report.

Proposal 2: Audit Committee's Review Report.

Notes: For the Audit Committee's Review Report, refer to Attachment 2 (Page 14).

Proposal 3: 2022 Report on Remuneration Distribution to Employees and Directors.

Notes: On March 9, 2023, the Board of Directors of the Company passed a resolution that the Company's distribution of the remuneration to employees in cash for 2022 totaled NT\$16,500 thousand, accounting for 3.07% of the profit in the final accounts of 2022; the distribution of the bonus to Director reached NT\$5,600 thousand, accounting for 1.04% of the profit in the final accounts of 2022.

Proposal 4: Report on Cash Dividends Distribution of Earnings for 2022 for review.

Notes:

1. In accordance with Article 23-1 of the Articles of Incorporation, if the Company distributes dividends and bonuses in cash, or all or part of the statutory surplus reserve and capital reserve are paid in cash, the Board of Directors shall be authorized to do so in the presence of more than two-thirds of the directors and with the consent of more than half of the directors present, and report to the shareholders' meeting.
2. The Company distributed cash dividends to shareholders of NT\$264,054,456 (NT\$ 3.6 per share) from the earnings of 2022. The cash dividend is calculated rounded down to the nearest New Taiwan dollar. The fractional amounts are aggregated and recognized in the total cash dividends for distribution.
3. After the case has been approved by the resolution of the Board of Directors, the Chairman was authorized to confirm the ex-dividend date and distribution date. Afterwards, in case the Company buys back the shares or any change occurs to the share capital that the quantity of outstanding shares is impacted, thus causing any change in the ratio of allotments per share, the Chairman will be authorized to deal with related matters and announce the results.

## Matters Ratified

(Proposals of the Board of Directors)

Proposal 1: 2022 Business Report and Financial Statements of the Company to be Ratified.

Notes:

1. The Company's 2022 business report and financial statements were approved by the resolutions of the Company's Audit Committee and Board of Directors. Meanwhile, the Company's financial statements have been audited and attested by CPAs Kou Hui-Chih and Chen Pei-Chi of KPMG.
2. For the business report, please refer to Attachment I (page 11-13); for related financial statements, please refer to Attachment III (page 15-30).

Resolution:

(Proposals of the Board of Directors)

Proposal 2: 2022 earnings distribution plan of the Company to be ratified.

Notes:

1. The Company has prepared the 2022 earnings distribution statement (page 5) in accordance with the Company Law and the Articles of Incorporation.
2. Submitted to ratify.

Resolution:

CASwell, Inc.  
Earnings Distribution Plan  
2022

Unit: NTD

Item	Amount
<b>Beginning undistributed earnings</b>	<b>\$ 428,269,918</b>
Current year's net profit after tax	428,331,866
Appropriation of legal reserve	(42,833,187)
Reversal of special reserve appropriated	10,641,365
<b>Earnings available for distribution</b>	<b>824,409,962</b>
Distribution items:	
Shareholder dividends - cash (NT\$3.6 per share)	(264,054,456)
<b>Ending undistributed retained earnings</b>	<b>\$ 560,355,506</b>

Chairman: Steve Chu      Manager: Reaforl Hung      Accounting Supervisor: Yu-Fen Li

## Matters Discussed

(Proposals of the Board of Directors)

Proposal 1: Amendments to the Election Procedures of Directors to be ratified.

Notes:

1. Pursuant to the TWSE-Governance-Announcement No. 1090009468 from Taiwan Stock Exchange Corporation (TWSE), part of the provisions of the Election Procedures of Directors was amended.
2. See the Comparison Table of Amendments to the Election Procedures of Directors in Attachment IV (page 31-34).

Resolution:

(Proposals of the Board of Directors)

Proposal 2: Amendments to the Procedures for Acquiring or Disposing of Assets to Be Ratified.

Notes:

1. To meet the operational requirements of the Company, it is proposed to amend some provisions of the Company's Procedures for Acquiring or Disposing of Assets.
2. See the Comparison Table of Amendments to Procedures for Acquiring or Disposing of Assets in Attachment V (page 35).

Resolution:

## Election Matters

(Proposals of the Board of Directors)

Proposal: General reelection of directors of the Company.

Notes:

1. The eighth term of directors (including independent directors) of the Company will expire on June 15, 2023. In accordance with Article 16 of the Company's articles of Incorporation, seven directors (including three independent directors) shall be elected at this general shareholders' meeting, and a candidate nomination system shall be adopted.
2. The newly elected directors (including independent directors) shall take office upon their election and shall serve from June 14, 2023 to June 13, 2026.
3. The Roster of Director Candidates has been adopted by the resolution of the second board meeting of the Company in 2023, and the shareholders shall elect them from the Roster of Director Candidates. See the education, experience and other relevant information of candidates in attachment VI (page 37-39).
4. Ms. Jennifer Shao, independent director candidate, has served as an independent director of the Company for three terms. In consideration of Ms. Jennifer Shao's expertise in investment and finance, as well as her knowledge of the operation of the Company, which will be of significant benefit to the Company, Ms. Jennifer Shao is listed as an independent director candidate in this election, so that she can exert her expertise and provide professional advice on the supervision of the Board of Directors in the exercise of her duties as an independent director.
5. Submitted for election.

Election Results:

## Other Matters

(Proposals of the Board of Directors)

**Proposal:** Proposal to release the newly elected directors from non-competition to be resolved.

**Notes:**

1. In accordance with Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval".
2. To successfully expand the business of the Company, the Company's directors and their representatives may engage in the same or similar activities as the business scope of the Company for their concurrent positions in other companies. To the extent that it is not damaging to the interests of the Company, it is proposed that the new directors and their representatives be released from the non-competition restrictions in accordance with Section 209 of the Company Law. The details of the non-competition are as follows:

Candidate Category	Candidate Name	Name and Position Held Concurrently in Other Company
Director	Representative of Ennoconn Corporation: Steve Chu	Chairman & CEO, Ennoconn Corporation Chairman, Goldtek Technology Co., Ltd. Chairman, Dexatek Technology Co., Ltd. Director, Suzhou Ennoconn Tecgnology Co., Ltd. Chairman, Poslab Technology Corporation Chairman, AIS Cayman Technology Group Director, Ennoconn International Investment Co., Ltd. Director, Marketech International Corp. Director, EnnoMech Precision Co., Ltd. Director, Vecow Co., Ltd. Director, Kontron AG Director, ENGA Technology Co., Ltd. Director, Hanchu Co., Ltd. Director, Xinpu Star Venture Capital Co., Ltd.
Director	Representative of Ennoconn Corporation: Aven Lou	General Manager in Mainland Region, Ennoconn Corporation Chairman, Ennoconn International Investment Co., Ltd. Chairman, EnnoMech Precision Co., Ltd. Chairman, EnnoMech Precision (Cayman) Co., Ltd.

<b>Candidate Category</b>	<b>Candidate Name</b>	<b>Name and Position Held Concurrently in Other Company</b>
		Chairman, Ennoconn Investment Holding Co.,Ltd. Chairman, Foshan Ennoconn Investment Co., Ltd. Chairman, Huaen Investment Co., Ltd. Director, Marketech International Corp. Director, Goldtek Technology Co., Ltd. Chairman, INNOVATIVE SYSTEMS INTEGRATION LIMITED Chairman, Suzhou Ennoconn Tecgnology Co., Ltd. Director, ENGA Technology Co., Ltd.
Director	Representative of Ennoconn Corporation: Nelson Tsay	General Manager, Ennoconn Corporation Chairman, American Industrial Systems Inc. Chairman, Vecow Co., Ltd. Director, AIS Cayman Technology Group Director, Ennoconn International Investment Co., Ltd. Director, Poslab Technology Corporation Director, Marketech International Corp. Director, ARBOR Technology Corp. Director, Ennowell Co., Ltd.
Director	Reaforl Hung	Director, CASO, INC. Chairman, Hawkeye Tech, Co., Ltd.
Independent Director	Jennifer Shao	Director, Bentech Systems Corporation Chairman, Caiying Investment Co., Ltd.
Independent Director	Wen-Chang Fang	Independent Director, AcSiP Technology Corp.
Independent Director	Fu-Chi Teng	Chairman, Advanced Power Electronics Corp. Chairman, Future Technology Consulting, Inc. Legal person, Tainet Communication System Corp.; Representative Director, Future Technology Consulting, Inc. Legal person, Future Technology Consulting (B.V.I.), Inc.; Representative Director, Future Technology Consulting, Inc. Legal person, PERFEC TPRIME LTD.(SAMOA).; Representative Director, Advanced Power Electronics Corp. Legal person, Green Power Semiconductor Corporation; Representative Chairman and General Manager, Advanced Power Electronics Corp. Legal person, OPC; Director Representative, Advanced Power Electronics Corp. Independent Director, Tul Corporation Representative of Corporate Director, Fuhong Investment Co., Ltd. Legal person and Chairman Representative, Xinpu Star Venture Capital Co., Ltd. Director, Zhinan Star Venture Capital Co., Ltd. Director, Taike Star Venture Capital Co., Ltd.

Resolution:

## **Extemporary Motions**

## **Adjournment**

## **CASwell, Inc.**

### **Business Report**

In 2022, we entered the post-epidemic era of COVID-19. Although we expected the global economy to recover gradually, the global supply chain was hit again due to the Russia-Ukraine war, China's strict dynamic zero-COVID policy and strategies, and the US-China science and technology war. On the whole, the global economic environment has yet to return to normal state. However, under the influence of such adverse factor, the Company actively promoted the application in new markets and improved product mix with its new operation structure. As affected by favorable factors such as the depreciation of Taiwan Dollar, it has resulted in a net consolidated operating income of NT\$4,982,672 thousand in 2022, an increase of NT\$308,728 compared with NT\$4,673,944 thousand in 2021, an annual growth of 7%; Net profit after tax was NT\$428,332 thousand, an increase of NT\$208,776 thousand compared with NT\$219,556 thousand in 2021, an annual growth of 95%.

Looking ahead to the strategic technology trends in 2023, Gartner puts emphasis on three major themes: optimizing enterprise resilience, operations, and credibility; expanding vertical applications, delivery methods, and value realization; exploiting ecosystem applications, high-resilience intelligence and new business fields, which are heavily influenced by environment, social and governance (ESG). The environmental impact for every technology investment must be assessed to undertake the shared responsibility for sustainable operations. These tech trends include digital immune systems, observability applications, AI trust, risk and security management, industrial cloud platforms, platform engineering, wireless technology value realization, super applications, adaptive AI, metaverse, and sustainability. From the economic perspective, the US Federal Reserve has raised interest rates rapidly since March 2022 to curb inflation, causing volatility in the global financial market. As a result, the global economy will be sluggish in 2023. Therefore, the Company will still face serious challenges from adverse factors.

The major operation plan of the Company in 2023 is to integrate various innovative designs, technologies, experiences and innovative thinking of strategic partners developed in recent years. The Company will explore the excellent R&D capabilities for software, toughness and hardware accumulated over the years, combining various ingenuity and innovations of R&D teams and customers' industrial experiences and needs and taking into account the development trend of science and technology, actively look for strategic partners,

and carry out continuous design and development of more Netcom security system platforms, cloud server systems, cloud computing and enterprise client network packet switches, software-defined wide area network (SD-WAN) and virtual/extensive client equipment (vCPE/uCPE), industrial Internet control, storage and security gateways and edge computing intelligent gateways. Based on the requirements of network traffic management, data packet storage and transmission and data security in various cloud application service fields, low latency of fog computing/edge computing, deep learning and intelligent computing applications, the Company helps customers to integrate software and hardware in a complete and quick manner, shortens the development time of various application platform systems, and provides comprehensive product lines with high cost performance in combination with advantageous supply chain and manufacturing resources, thus meeting the needs of customers for diversified IT/OT/CT/DT network security application products and services.

In response to the development trend of technology and digital applications, the Company will continue to invest more research and development resources in high-end multi-core computing processors (X86 and RISC/ARM architecture), 10G/25G/40G/ 100GbE high-speed Ethernet, Tofino Ethernet Switch, field programmable gate array (FPGA), and promote AMD Genoa Zen4 EPYC series CPU and Raphael AM5 APU, and will continuously invest in and promote new products to open up new business development directions and gradually raise the unit selling price, thus further improve profitability. Since customers have specific requirements for the production history, test verification, customized specifications, quality certification system, maintenance service/record and global distribution management of system products, the Company continuously develops and refines information integrated platform services, test verification software suite, improves the automation degree of process verification software/process, optimizes the global delivery center and reverse logistics management information system, fully docks with customers' internal systems, makes the test verification products more complete, and actively achieves the short, medium and long term goals of ISO-27001 and the Company's ESG policy to provide customers with better supply chain choices.

The management team of the Company, with the same original intention as all colleagues, will continue to uphold the diligent and dedicated work spirit. Facing with the fickle global economic model and activities, we will deeply cultivate the business policy planned by the Company and pay close attention to applications in the semiconductor industry, cyber security industry, electric vehicle industry, 5G core network and open wireless access network (O-RAN), development trend of artificial intelligence, and intelligent manufacturing and smart city. The Company will also actively promote ESG-related measures in line with the global goal of "net zero carbon emission". We look forward to the completion of the relocation of the

new Xinzhuang Global Operations and R&D Center headquarters in the third quarter of this year and the space re-adjustment of the original Xinzhuang operating plant to increase operational efficiency, so that the Company can develop its operations sustainably being friendly to the whole social environment, and share the good achievements with all shareholders.

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Yu-Fen Li

**CASwell, Inc.**

**Audit Committee Review Report**

The Board of Directors has prepared and submitted the Company's 2022 Business Report, Financial Statements and the proposed profit distribution, of which the Financial Statements have been audited and certified by the independent auditors, Kou Hui-Chih and Chen Pei-Chi of KPMG. And an audit report has been issued. The Business Report, Financial Statements and the proposed profit distribution have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Best regards

2023 Shareholders' Meeting of CASwell, Inc.

Audit Committee of CASwell, Inc.

Convener: Jennifer Shao

March 9, 2023

## **Independent Auditors' Report**

To the Board of Directors of CASwell, Inc.:

### **Opinion**

We have audited the accompanying consolidated balance sheets of CASwell, Inc. and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows from January 1 to December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinions, the consolidated financial statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), their interpretations and announcements recognized and announced by the Financial Supervisory Commission in all material aspects, and are considered to have reasonably expressed the consolidated financial conditions of CASwell, Inc. as of December 31, 2022 and 2021, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2022 and 2021.

### **Basis for Audit Opinions**

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

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters. Key audit matters for the company's financial statements of the current period are stated as follows:

#### **I. Inventory valuation**

Please refer to Note IV(VIII) for the accounting policy regarding the inventory valuation.

Please refer to Note V(I) for the uncertainties of accounting estimates and assumptions

regarding the allowance for price decline in inventories. Please refer to Note VI(III) for an explanation of the inventories.

Notes on key audit matters:

The inventory amount of CASwell, Inc. has been presented in the financial statements as cost and net realizable value whichever was lower. With the rapid changes of sciences and technologies, new product launch might cause changes in consumer demands and significant fluctuations in sales of related products, so the inventory cost might exceed the realizable value. Losses of obsolete and slow-moving inventories shall be separately evaluated dependent upon inventory classification and how many days the inventories have become obsolete. The presentation of such inventories involves subjective judgment, so inventory valuation was one of our important audit matters particularly audited for the financial statements of the Group.

Audit processes:

The main audit processes we adopted for the above key audit matters included performing inventory valuation to evaluate if the Group had presented its inventories based on the predetermined policies for presenting write-downs of inventories; auditing basis of selling prices and net realizable value adopted by the management, in order to verify appropriateness of the estimated writedowns of inventories and expediency of the net realizable value; implementing the sampling procedure to verify rationality of inventory age; and analyzing the ratio of the current inventory writedowns to the balance of normal inventories, in order to evaluate if the writedowns of general inventories are appropriate.

## II. Recognition and Cutoff of Revenues

For detailed accounting policies for revenue recognition, refer to Note IV(XIV); for details of revenues, refer to Note VI(XVI).

Notes on key audit matters:

The revenues of CASwell, Inc. are mainly from R&D, production and sales of equipment related to safe network communication platforms. The revenues are what investors are concerned about, so their recognition and cutoff have been listed as one of important matters to be evaluated in auditing financial statements of CASwell, Inc.

Audit processes:

Our main audit processes for the aforementioned key audit matters include testing internal control systems related to revenues; reviewing new material contracts and understanding impacts of contractual articles upon revenue recognition; additionally sampling sales transactions concluded before and after the date of the balance sheets, and evaluating if revenues were accounted at the right time.

## III. Assessment of Impairment of Goodwill

For the detailed accounting policy regarding assessment of impairment of goodwill, please refer to Note IV(XII) Impairments of non-financial assets; for the uncertainties of accounting estimates and assumptions regarding goodwill, please refer to Note V(II); for relevant disclosures of goodwill, please refer to Note VI(VI).

Notes on key audit matters:

The consolidated goodwill of CASwell, Inc. generated by M&A is material. According to the International Financial Reporting Standards, the management must perform annual impairment test, because this process involves hypotheses about future potential operating cash flow and weighted average cost of capital considered in estimating the value in use. As an evaluation of the results of the impairment test, the above process, which is complicated, covers many hypotheses and estimates. Hence, goodwill impairment assessment has been one

of our important evaluations in auditing the financial statements of CASwell, Inc.

**Audit processes:**

Our main audit processes for the above key audit matters include evaluating forecast future cash flow and discount rate in hypotheses adopted by impairment models, comparing historical performances with the forecast of future cash flow, and making comparisons between the discount rate and related external data, in order to test goodwill impairment.

**Other Matters**

CASwell, Inc. has prepared the parent company only financial statements as of and for the years ended December 31, 2022 and 2021 on which we have issued an audit report with unqualified opinion for reference.

**Responsibilities of management and governing bodies for the consolidated financial statements**

To ensure that the consolidated financial statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing fair consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, their interpretations and announcements recognized and announced by the Financial Supervisory Commission, and for maintaining necessary internal control procedures pertaining to the consolidated financial statements.

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

The governing bodies, including the audit committee, are responsible for overseeing the Group's financial reporting process.

**Auditor's 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 auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement in the consolidated financial statements when it exists. Misstatements might arise from fraud or error. The misstatements may be considered material if they are individually or in the aggregate could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We apply professional judgment and discretion in our audits in accordance with auditing standards.

We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than 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 controls 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 controls of the Group.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the 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 ability of the Group to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the financial statements (including relevant notes), and whether the financial statements fairly present relevant transactions and events.
6. Obtain sufficient appropriate audit evidences regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group's audit and for expressing an opinion on the financial statements of the Group.

We communicate with those governing bodies 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 governing bodies 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 governing bodies, we determine the key audit matters of the consolidated financial statements of the Group for 2022. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Securities Competent Authority Approval No. : Tai-Cai-Zheng-6 No. 0930106739  
Jin-Guang-Zheng-6  
No.0960069825

March 9, 2023

**CASwell, Inc. and its subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**

Unit: NT\$ thousand

Assets		2022.12.31		2021.12.31		Liabilities and equity		2022.12.31		2021.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note VI(I))	\$ 677,584	13	643,403	13	2100	Short-term borrowings (Note VI (VII))	\$ 39,888	1	21,427	-
1136	Financial assets at amortized cost - current	11,797	-	11,436	-	2120	Financial liabilities at fair value through profit or loss - current (Note VI(IX))	215	-	116	-
1170	Notes receivables and accounts receivables - net (Note VI(II)(XVI))	820,527	16	787,796	16	2170	Account payables	857,896	16	978,315	20
1180	Accounts receivables from related parties - net (Note VI(II)(XVI) and VII)	39,416	1	41,961	1	2180	Accounts payable - related parties (Note VII)	15,635	-	97,306	2
1200	Other receivables (including related parties) (Note VII)	100,131	2	135,665	3	2200	Other payables (including related parties) (Note VII)	190,619	4	168,290	3
1220	Current income tax assets	8,550	-	-	-	2230	Current income tax liabilities	116,765	2	24,218	1
130X	Inventories (Note VI(III))	2,763,873	52	2,481,708	50	2252	Short-term provisions for warranty	6,127	-	7,665	-
1470	Other current assets (Note VIII)	116,077	2	255,679	5	2280	Lease liabilities - current (Note VI(X))	56,729	1	53,237	1
	<b>Total current assets</b>	<b>4,537,955</b>	<b>86</b>	<b>4,357,648</b>	<b>88</b>	2321	Corporate bonds due or execute the rights to sell within one year (Note VI(IX))	167,395	3	-	-
<b>Non-current assets:</b>						2322	Long-term borrowings due within one year (Note VI(VIII))	1,404	-	1,384	-
1510	Financial assets at fair value through profit or loss - non-current	42,566	1	26,473	1	2399	Other current liabilities - others	193,911	4	94,175	2
1517	Financial assets at fair value through other comprehensive income - non-current	11,009	-	8,009	-		<b>Total current liabilities</b>	<b>1,646,584</b>	<b>31</b>	<b>1,446,133</b>	<b>29</b>
1600	Property, plant and equipment (Note VI(IV) & VIII)	86,078	2	92,827	2	<b>Non-current liabilities:</b>					
1755	Right-of-use assets (Note VI(V))	90,887	2	105,636	2	2530	Bonds payable (Note VI(IX))	-	-	165,088	3
1780	Intangible assets (Note VI(VI))	350,000	6	352,098	7	2540	Long-term loans (Note VI(VIII))	22,447	-	23,822	1
1840	Deferred tax assets (Note VI(XII))	4,128	-	2,404	-	2552	Long-term provisions for warranty	17,471	-	13,196	-
1900	Other non-current assets	176,843	3	10,850	-	2570	Deferred tax liabilities (Note VI(XII))	31,341	1	27,283	1
	<b>Total non-current assets</b>	<b>761,511</b>	<b>14</b>	<b>598,297</b>	<b>12</b>	2580	Lease liabilities - non-current (Note VI(X))	36,809	1	53,954	1
						2670	Other non-current liabilities - others	41	-	68	-
							<b>Total non-current liabilities</b>	<b>108,109</b>	<b>2</b>	<b>283,411</b>	<b>6</b>
							<b>Total liabilities</b>	<b>1,754,693</b>	<b>33</b>	<b>1,729,544</b>	<b>35</b>
						<b>Equity attributable to owners of the parent company (Note VI(XIII)):</b>					
						3100	Share capital	731,889	14	731,889	15
						3200	Capital surplus (Note VI(IX))	1,431,140	27	1,431,140	29
						3300	Retained earnings:				
						3310	Legal reserve	309,644	6	287,689	6
						3320	Special reserve	50,872	1	30,068	1
						3350	Unappropriated retained earnings	856,601	16	617,406	12
							Total retained earnings	1,217,117	23	935,163	19
						3400	Other equity	(40,230)	(1)	(50,872)	(1)
							Subtotal equity attributable to owners of the parent company	3,339,916	63	3,047,320	62
						36XX	Non-controlling interests	204,857	4	179,081	3
							<b>Total equity</b>	<b>3,544,773</b>	<b>67</b>	<b>3,226,401</b>	<b>65</b>
							<b>Total liabilities and equity</b>	<b>\$ 5,299,466 100</b>		<b>4,955,945 100</b>	
	<b>Total assets</b>	<b>\$ 5,299,466 100</b>		<b>4,955,945 100</b>							

(Please read the notes to the consolidated financial statements attached here below carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Li, Yu-Fen

**CASwell, Inc. and its subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**January 1 to December 31, 2022 and 2021**

Unit: NTD Thousand

		2022		2021	
		Amount	%	Amount	%
4000	<b>Operating revenue (Note VI(XVI) and VII)</b>	\$ 4,982,672	100	4,673,944	100
5000	<b>Operating costs (Note VI(III)(X)(XI)((XIV)(XVII), VII and XII)</b>	3,860,631	77	3,749,078	80
	<b>Gross profit</b>	1,122,041	23	924,866	20
	<b>Operating expenses (Note VI(X)(XI)(XIV)(XVII) VII and XII):</b>				
6100	Selling and marketing expenses	154,349	3	169,639	4
6200	General and administrative expenses	221,708	5	203,853	4
6300	Research and development expenses	235,202	5	245,627	5
6450	Expected credit loss (Note VI(II))	8,213	-	-	-
	<b>Total operating expenses</b>	619,472	13	619,119	13
	<b>Operating Profit</b>	502,569	10	305,747	7
	<b>Non-operating income and expenses (Note VI(XVIII)):</b>				
7100	Interest income	2,610	-	2,536	-
7010	Other income	21,100	-	20,802	-
7020	Other gain and loss	55,105	1	(478)	-
7050	Finance costs (Note VI(IX)(X))	(5,866)	-	(5,787)	-
	<b>Total non-operating income and expenses</b>	72,949	1	17,073	-
7900	<b>Net pretax profit of current period</b>	575,518	11	322,820	7
7950	<b>Income tax expense (Note VI(XII))</b>	122,985	2	82,755	2
	<b>Net profit of current period</b>	452,533	9	240,065	5
8300	<b>Other comprehensive income/(loss):</b>				
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences arising from the translation of foreign operations	12,217	-	(23,576)	(1)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
	<b>Total of items that may be reclassified subsequently to profit or loss</b>	12,217	-	(23,576)	(1)
8300	<b>Other comprehensive income/(loss) of current period</b>	12,217	-	(23,576)	(1)
8500	<b>Total comprehensive income/(loss) of current period</b>	\$ 464,750	9	216,489	4
	<b>Net profit in current period attributable to:</b>				
8610	Owners of the parent company	428,332	9	219,556	5
8620	Non-controlling interests	24,201	-	20,509	-
	<b>Net profit of current period</b>	\$ 452,533	9	240,065	5
	<b>Comprehensive income attributable to:</b>				
8710	Owners of the parent company	438,974	9	198,752	4
8720	Non-controlling interests	25,776	-	17,737	-
	<b>Total comprehensive income/(loss) of current period</b>	\$ 464,750	9	216,489	4
	<b>Earnings per share (Note VI(XV))</b>				
9750	Basic earnings per share (NT\$)	\$ 5.85		3.00	
9850	Diluted earnings per share (NT\$)	\$ 5.73		2.95	

(Please read the notes to the consolidated financial statements attached here below carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Li, Yu-Fen

**CASwell, Inc. and its subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**January 1 to December 31, 2022 and 2021**

Unit: NT\$ thousand

	Equity attributable to owners of parent company										
	Retained earnings					Other equity items			Total Equity Attributable to Owners of the Parent Company	Non- controlling interests	Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropria ted retained earnings	Exchange differences arising from the translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Treasury shares			
<b>Balance as of January 1, 2021</b>	\$ 730,678	1,412,389	265,232	32,749	684,323	(19,618)	(10,450)	(17,856)	3,077,447	169,314	3,246,761
Net profit of current period	-	-	-	-	219,556	-	-	-	219,556	20,509	240,065
Other comprehensive income/(loss) of current period	-	-	-	-	-	(20,804)	-	-	(20,804)	(2,772)	(23,576)
Total comprehensive income/(loss) of current period	-	-	-	-	219,556	(20,804)	-	-	198,752	17,737	216,489
Earnings appropriation and distribution:											
Appropriation of legal reserve	-	-	22,457	-	(22,457)	-	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(266,697)	-	-	-	(266,697)	-	(266,697)
Reversal of special reserve	-	-	-	(2,681)	2,681	-	-	-	-	-	-
Corporate bond conversion into ordinary shares	1,211	11,041	-	-	-	-	-	-	12,252	-	12,252
Transfer of treasury stocks to employees	-	7,710	-	-	-	-	-	17,856	25,566	-	25,566
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,970)	(7,970)
<b>Balance as of December 31, 2021</b>	731,889	1,431,140	287,689	30,068	617,406	(40,422)	(10,450)	-	3,047,320	179,081	3,226,401
Net profit of current period	-	-	-	-	428,332	-	-	-	428,332	24,201	452,533
Other comprehensive income/(loss) of current period	-	-	-	-	-	10,642	-	-	10,642	1,575	12,217
Total comprehensive income/(loss) of current period	-	-	-	-	428,332	10,642	-	-	438,974	25,776	464,750
Earnings appropriation and distribution:											
Appropriation of legal reserve	-	-	21,955	-	(21,955)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	20,804	(20,804)	-	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(146,378)	-	-	-	(146,378)	-	(146,378)
<b>Balance on December 31, 2022</b>	<b>\$ 731,889</b>	<b>1,431,140</b>	<b>309,644</b>	<b>50,872</b>	<b>856,601</b>	<b>(29,780)</b>	<b>(10,450)</b>	<b>-</b>	<b>3,339,916</b>	<b>204,857</b>	<b>3,544,773</b>

(Please read the notes to the consolidated financial statements attached here below carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Li, Yu-Fen

**CASwell, Inc. and its subsidiaries**  
**Consolidated Statements of Cash Flows**  
**January 1 to December 31, 2022 and 2021**

Unit: NTD Thousand

	2022	2021
<b>Cash flows from operating activities:</b>		
<b>Net pretax profit of current period</b>	\$ 575,518	322,820
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation expenses	74,347	72,714
Amortization expenses	8,629	7,730
Expected credit loss	8,213	-
Net gain on financial assets at fair value through profit or loss	(2,849)	(811)
Interest expenses	5,866	5,787
Interest income	(2,610)	(2,536)
Loss (gain) on disposal and scrapping of property, plant and equipment	74	(339)
Compensation cost relating to share-based payment	-	7,764
Total adjustments for reconcile profit (loss)	91,670	90,309
<b>Changes in operating assets/liabilities:</b>		
Net changes in operating assets:		
(Increase) decrease in notes and trades receivable (including related parties)	(38,442)	226,865
(Decrease) increase in other payables (including related parties)	35,534	(50,806)
Increase in inventories	(282,165)	(143,222)
Decrease (increase) in other current assets	139,602	(183,975)
Total net changes in operating assets	(145,471)	(151,138)
Net changes in operating liabilities:		
Increase (decrease) in accounts payable (including related parties)	(202,090)	114,023
Increase (decrease) in other payables (including related parties)	22,326	(14,956)
Increase in warranty provisions	2,737	950
Increase in other current liabilities	99,736	32,971
Total net changes in operating liabilities	(77,291)	132,988
Total net changes in operating assets and liabilities	(222,762)	(18,150)
Total adjustments to reconcile profit (loss)	(131,092)	72,159
Cash inflow generated from operations	444,426	394,979
Interest received	2,610	2,577
Interest paid	(3,556)	(3,457)
Income tax paid	(36,654)	(118,699)
<b>Net cash inflow generated from operations</b>	406,826	275,400
<b>Cash flows from investing activities:</b>		
Financial assets at fair value through other comprehensive gains and losses	(3,000)	-
Acquisition of financial assets at amortized cost	(361)	(11,436)
Acquisition of financial assets at fair value through profit or loss	(16,444)	(10,800)
Return of capital through profit and loss of financial assets at fair value	3,299	-
Acquisition of property, plant and equipment	(9,830)	(26,150)
Disposal of property, plant and equipment	-	1,714
Acquisition of intangible assets	(5,381)	(6,010)
Increase in other non-current assets	(165,970)	(3,585)
Increase in prepayments for business facilities	(343)	(320)
<b>Net cash used in investing activities</b>	(198,030)	(56,587)
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	18,461	6,427
Repayments of long-term loans	(1,355)	(1,367)
Repayment of lease principal	(56,320)	(53,514)
Decrease in other non-current liabilities	(27)	(6)
Cash dividends paid	(146,378)	(266,697)
Share issuance costs	-	(54)
Transfer costs of treasury stocks	-	17,856
Changes in non-controlling interests	-	(7,970)
<b>Net cash outflow generated from financing activities</b>	(185,619)	(305,325)
Effect of exchange rates on cash and cash equivalents	11,004	(20,419)
Increase (decrease) in cash and cash equivalents of current period	34,181	(106,931)
Cash and cash equivalents at beginning of period	643,403	750,334
Cash and cash equivalents at end of period	<b>\$ 677,584</b>	<b>643,403</b>

## **Independent Auditors' Report**

To the Board of Directors of CASwell, Inc.:

### **Opinion**

We have audited the balance sheets of CASwell, Inc. as at December 31, 2022 and 2021, and related statements of comprehensive income, of changes in equity and of cash flows for the period from January 1 to December 31, 2022 and 2021, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinions, the parent company only financial statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and are considered to present fairly the financial conditions of CASwell, Inc. as of December 31, 2022 and 2021, as well as the financial performance and cash flows of CASwell, Inc. from January 1 to December 31, 2022 and 2021.

### **Basis for Audit Opinions**

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CASwell, Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountant ("the Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of CASwell, Inc. for 2022. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinions thereon, we do not provide separate opinions on these matters. Key audit matters for the company's financial statements of the current period are stated as follows:

#### **I. Inventory valuation**

Please refer to Note IV(VII) to the financial statements for the accounting policy regarding the inventory valuation. Please refer to Note V(I) to the financial statements for the uncertainties of accounting estimates and assumptions regarding the realizability of inventory assessment. Please refer to Note VI(IV) to the financial statement for an explanation of the inventory valuation.

Notes on key audit matters:

Inventory amount of CASwell, Inc. is presented in the financial statements as costs or net realisable value whichever is lower. Due to rapid changes of sciences and technologies, new product launch might cause changes in consumer demands and significant fluctuations in sales of related products, so the costs of inventories might exceed their net realisable value. Losses of obsolete and slow-moving inventories shall be separately evaluated dependent upon inventory classification and how many days the inventories have become obsolete. The presentation of such inventories involves subjective judgment, so inventory valuation was one

of our important audit matters particularly audited for the financial statements of CASwell, Inc.  
Audit processes:

The main audit processes we adopted for the above key audit matters included performing inventory valuation to evaluate if CASwell, Inc. had presented its inventories based on the predetermined policies for presenting write-downs of inventories; auditing basis of selling prices and net realizable value adopted by the management, in order to verify appropriateness of the estimated writedowns of inventories and expediency of the net realizable value; implementing the sampling procedure to verify rationality of inventory age; and analyzing the ratio of the current inventory writedowns to the balance of normal inventories, in order to evaluate if the writedowns of general inventories are appropriate.

## II. Recognition and Cutoff of Revenues

For detailed accounting policies for revenue recognition, refer to Note IV(XIV); for details of revenues, refer to Note VI(XV).

Notes on key audit matters:

The revenues of CASwell, Inc. have mainly been earned from R&D, production and sales of related equipment related to safe network communication platforms. They were recognized as investors' concerns, so recognition and cutoff of revenues were one of important items we evaluated in auditing the financial reports of CASwell, Inc.

Audit processes:

Our main audit processes for the aforementioned key audit matters include testing internal control systems related to revenues; reviewing new material contracts and understanding impacts of contractual articles upon revenue recognition; additionally sampling sales transactions concluded before and after the date of the balance sheets, and evaluating if revenues were accounted at the right time.

## III. Valuation of Impairment of Investments Accounted for Using the Equity Method

For the detailed accounting policy regarding investment impairment accounted for using the equity method, refer to Note IV(VIII) Investment in Subsidiaries; for the uncertainties of accounting estimates and assumptions regarding investment impairment accounted for using the equity method, refer to Note V(II); for details of the financial reports on investments accounted for using the equity method, refer to Note VI(V).

Notes on key audit matters:

The goodwill generated by merger and acquisition of CASwell, Inc. is material. The management has evaluated and tested impairment according to the international accounting standards, and estimated the future cash flows expected from the asset's cash-generating unit. Calculation of future cash flows involves several assumptions and estimates, with a high level of uncertainty, so evaluating investment impairment using equity method has been listed as a key audit matter by us in auditing the financial reports of CASwell, Inc.

Audit processes:

Our main audit processes for the above key audit matter included evaluating future cash flow forecasts and discount rate of hypotheses adopted by the impairment model, comparing historical performances with future cash flow forecasts, and comparing discount rate against related external data, so as to perform impairment test of goodwill.

### **Responsibilities of Management and Governing Bodies for Financial Statements**

To ensure that the financial reports do not contain material misstatements caused by fraud or errors, the management is responsible for preparing fair financial reports in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintaining necessary internal control related to preparation of financial reports.

In preparing financial reports, the management is responsible for evaluating the ability of CASwell, Inc. to continue as a going concern, disclosing, as applicable, matters related to the going concern, and use the going concern basis of accounting, unless the management either intends to liquidate CASwell, Inc. ceases operations, or has no realistic alternative but to do so.

The governing bodies of CASwell, Inc. (including the audit committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

We apply professional judgment and discretion in our audits in accordance with auditing standards. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the parent company only financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than 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 controls 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 controls of CASwell, Inc.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the 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 ability of CASwell, Inc. to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events

or conditions may cause CASwell, Inc. to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investee companies within CASwell, Inc. to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit of these investee companies and for expressing an opinion on the financial statements of CASwell, Inc.

We communicate with those governing bodies 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 governing bodies 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 governing bodies, we determine the key audit matters of the parent company only financial statements of CASwell, Inc. for 2022. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Securities	Competent	Tai-Cai-Zheng-6 No. 0930106739
Authority Approval No.		Jin-Guang-Zheng-6 No.0960069825

March 9, 2023

**CASwell, Inc.**  
**Balance Sheets**  
**December 31,2022 and 2021**

Unit: NTD Thousand

Assets		2022.12.31		2021.12.31		Liabilities and equity		2022.12.31		2021.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note VI(I))	\$ 383,558	8	386,988	9	2120	Financial liabilities at fair value through profit or loss - current (Note VI(VIII))	\$ 215	-	116	-
1170	Notes receivables and accounts receivables - net (Note VI(II)(XV))	431,880	9	492,891	12	2170	Account payables	648,533	14	783,803	18
1180	Accounts receivables from related parties - net (Note VI(II)(XV) and VII)	131,941	3	150,095	3	2180	Accounts payable - related parties (Note VII)	11,361	-	85,499	2
1200	Other receivables (including related parties) (Note VI (III) and VII)	113,646	3	144,313	3	2200	Other payables (including related parties) (Note VII)	133,811	3	112,223	3
1220	Current income tax assets	7,325	-	465	-	2230	Current income tax liabilities	69,899	2	-	-
130X	Inventories (Note VI(IV))	2,220,269	48	2,012,021	46	2252	Short-term provisions for warranty	4,992	-	4,597	-
1470	Other current assets (Note VIII)	66,164	2	183,956	4	2280	Lease liabilities - current (Note VI(IX))	22,042	-	21,182	-
	<b>Total current assets</b>	<u>3,354,783</u>	<u>73</u>	<u>3,370,729</u>	<u>77</u>	2321	Corporate bonds with maturity or execution of right of sale within one year or one operating cycle (Note VI(VIII))	167,395	4	-	-
<b>Non-current assets:</b>						2399	Other current liabilities - others	149,194	3	92,317	2
1510	Financial assets at fair value through profit or loss - non-current	42,566	1	26,473	1		<b>Total current liabilities</b>	<u>1,207,442</u>	<u>26</u>	<u>1,099,737</u>	<u>25</u>
1517	Financial assets at fair value through other comprehensive income - non-current	11,000	-	8,000	-		<b>Non-current liabilities:</b>				
1550	Investment accounted for using the equity method (Note VI(V))	961,029	20	878,829	20	2530	Bonds payable (Note VI(VIII))	-	-	165,088	3
1600	Property, plant and equipment (Note VI(VI))	33,467	1	40,607	1	2552	Long-term provisions for warranty	13,959	-	11,685	-
1755	Right-of-use assets (Note VI(VII))	34,058	1	51,576	1	2570	Deferred tax liabilities (Note VI(XI))	32,293	1	27,407	1
1780	Intangible Assets	1,510	-	1,142	-	2580	Lease liabilities - non-current (Note VI(IX))	12,128	-	30,515	1
1900	Other non-current assets	167,367	4	4,463	-	2670	Other non-current liabilities - others	42	-	67	-
	<b>Total non-current assets</b>	<u>1,250,997</u>	<u>27</u>	<u>1,011,090</u>	<u>23</u>		<b>Total non-current liabilities</b>	<u>58,422</u>	<u>1</u>	<u>234,762</u>	<u>5</u>
							<b>Total liabilities</b>	<u>1,265,864</u>	<u>27</u>	<u>1,334,499</u>	<u>30</u>
							<b>Equity (Note VI(XII)):</b>				
						3100	Share capital	731,889	16	731,889	17
						3200	Capital surplus (Note VI(VIII))	1,431,140	31	1,431,140	33
						3300	Retained earnings:				
						3310	Legal reserve	309,644	7	287,689	6
						3320	Special reserve	50,872	1	30,068	1
						3350	Unappropriated retained earnings	856,601	19	617,406	14
							Total retained earnings	1,217,117	27	935,163	21
						3400	Other equity	(40,230)	(1)	(50,872)	(1)
							<b>Total equity</b>	<u>3,339,916</u>	<u>73</u>	<u>3,047,320</u>	<u>70</u>
							<b>Total liabilities and equity</b>	<u>\$ 4,605,780</u>	<u>100</u>	<u>4,381,819</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 4,605,780</u>	<u>100</u>	<u>4,381,819</u>	<u>100</u>						

(Please read the notes to the parent company only financial statements attached here below carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Li, Yu-Fen

**CASwell, Inc. and its subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**From January 1 to December 31, 2021 and 2020**

Unit: NTD Thousand

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (Note VI(XV) and VII)</b>	\$ 3,465,397	100	3,257,900	100
5000	<b>Operating costs (Note VI(IV), (VI), (VII), (IX), (X), (XIII), (XVI), VII and XII)</b>	2,710,253	78	2,708,363	83
	<b>Gross profit</b>	<u>755,144</u>	<u>22</u>	<u>549,537</u>	<u>17</u>
	<b>Operating expenses (Note VI(VI), (VII), (IX), (X), (XIII), (XVI) and XII):</b>				
6100	Selling and marketing expenses	101,635	3	111,797	3
6200	General and administrative expenses	59,728	2	52,261	2
6300	Research and development expenses	185,311	5	201,216	6
	<b>Total operating expenses</b>	<u>346,674</u>	<u>10</u>	<u>365,274</u>	<u>11</u>
	<b>Net operating income</b>	<u>408,470</u>	<u>12</u>	<u>184,263</u>	<u>6</u>
	<b>Non-operating income and expenses (Note VI(XVII)):</b>				
7100	Interest income	1,403	-	1,349	-
7010	Other income	12,442	-	15,220	-
7020	Other gain and loss	28,632	1	(17,030)	(1)
7050	Financial costs (Note VI (VIII) and (IX))	(2,895)	-	(2,640)	-
7070	Shares of profit of subsidiaries accounted for using the equity method	68,053	2	88,190	3
	<b>Total non-operating income and expenses</b>	<u>107,635</u>	<u>3</u>	<u>85,089</u>	<u>2</u>
7900	<b>Net pretax profit of current period</b>	516,105	15	269,352	8
7950	<b>Income tax expense (Note VI(XI))</b>	87,773	3	49,796	1
8200	<b>Net profit of current period</b>	<u>428,332</u>	<u>12</u>	<u>219,556</u>	<u>7</u>
8300	<b>Other comprehensive income/(loss):</b>				
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences arising from the translation of foreign operations	10,642	-	(20,804)	(1)
8399	Less: Income tax relating to items that may be reclassified	-	-	-	-
	<b>Total of items that may be reclassified subsequently to profit or loss</b>	<u>10,642</u>	<u>-</u>	<u>(20,804)</u>	<u>(1)</u>
8300	<b>Other comprehensive income/(loss) of current period</b>	<u>10,642</u>	<u>-</u>	<u>(20,804)</u>	<u>(1)</u>
8500	<b>Total comprehensive income/(loss) of current period</b>	<u>\$ 438,974</u>	<u>12</u>	<u>198,752</u>	<u>6</u>
	<b>Earnings per share (Note VI(XIV))</b>				
9750	Basic earnings per share (NT\$)	<u>\$ 5.85</u>		<u>3.00</u>	
9850	Diluted earnings per share( NT\$)	<u>\$ 5.73</u>		<u>2.95</u>	

(Please read the notes to the parent company only financial statements attached here below carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Li, Yu-Fen

**CASwell, Inc. and its subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**From January 1 to December 31, 2021 and 2020**

Unit: NTD Thousand

	Retained earnings					Other equity items		Treasury shares	Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising from the translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income		
<b>Balance as of January 1, 2021</b>	\$ 730,678	1,412,389	265,232	32,749	684,323	(19,618)	(10,450)	(17,856)	3,077,447
Net profit of current period	-	-	-	-	219,556	-	-	-	219,556
Other comprehensive income/(loss) of current period	-	-	-	-	-	(20,804)	-	-	(20,804)
Total comprehensive income/(loss) of current period	-	-	-	-	219,556	(20,804)	-	-	198,752
Earnings appropriation and distribution:									
Appropriation of legal reserve	-	-	22,457	-	(22,457)	-	-	-	-
Reversal of special reserve	-	-	-	(2,681)	2,681	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(266,697)	-	-	-	(266,697)
Corporate bond conversion into ordinary shares	1,211	11,041	-	-	-	-	-	-	12,252
Transfer of treasury stocks to employees	-	7,710	-	-	-	-	-	17,856	25,566
<b>Balance as of December 31, 2021</b>	731,889	1,431,140	287,689	30,068	617,406	(40,422)	(10,450)	-	3,047,320
Net profit of current period	-	-	-	-	428,332	-	-	-	428,332
Other comprehensive income/(loss) of current period	-	-	-	-	-	10,642	-	-	10,642
Total comprehensive income/(loss) of current period	-	-	-	-	428,332	10,642	-	-	438,974
Earnings appropriation and distribution:									
Appropriation of legal reserve	-	-	21,955	-	(21,955)	-	-	-	-
Appropriation of special reserve	-	-	-	20,804	(20,804)	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(146,378)	-	-	-	(146,378)
<b>Balance on December 31, 2022</b>	<b>\$ 731,889</b>	<b>1,431,140</b>	<b>309,644</b>	<b>50,872</b>	<b>856,601</b>	<b>(29,780)</b>	<b>(10,450)</b>	<b>-</b>	<b>3,339,916</b>

(Please read the notes to the parent company only financial statements attached here below carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Li, Yu-Fen

**CASwell, Inc.**  
**Statements of Cash Flow**  
**January 1 to December 31, 2022 and 2021**

Unit: NTD Thousand

	2022	2021
<b>Cash flows from operating activities:</b>		
Net pretax profit of current period	\$ 516,105	269,352
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation expenses	35,012	34,415
Amortization expenses	1,248	1,646
Net gain on financial assets at fair value through profit or loss	(2,849)	(811)
Interest expenses	2,895	2,640
Interest income	(1,403)	(1,349)
Shares of profit of subsidiaries accounted for using the equity method	(68,053)	(88,190)
Loss (gain) on disposal and scrap of property, plant and equipment	-	(339)
Unrealized Profit on Sales	(3,505)	(446)
Compensation cost relating to share-based payment	-	7,764
Total adjustments for reconcile profit (loss)	<u>(36,655)</u>	<u>(44,670)</u>
Changes in operating assets/liabilities:		
Net changes in operating assets:		
Decrease in notes and trades receivable (including related parties)	79,165	183,128
(Decrease) increase in other payables (including related parties)	30,667	(68,487)
Increase in inventories	(208,248)	(230,419)
Decrease (increase) in other current assets	117,792	(123,059)
Total net changes in operating assets	<u>19,376</u>	<u>(238,837)</u>
Net changes in operating liabilities:		
Increase (decrease) in notes and accounts payable (including related parties)	(209,408)	255,300
Increase in other payable (including related parties)	21,381	13,079
Increase in warranty provisions	2,669	985
Increase in other current liabilities	56,877	38,606
Total net changes in operating liabilities	<u>(128,481)</u>	<u>307,970</u>
Total net changes in operating assets and liabilities	<u>(109,105)</u>	<u>69,133</u>
Total adjustments to reconcile profit (loss)	<u>(145,760)</u>	<u>24,463</u>
Cash inflow generated from operations	370,345	293,815
Interest received	1,403	1,313
Interest paid	(381)	(295)
Income tax paid	(19,848)	(77,861)
<b>Net cash inflow generated from operations</b>	<u>351,519</u>	<u>216,972</u>
<b>Cash flows from investing activities:</b>		
Financial assets at fair value through other comprehensive gains and losses	(3,000)	-
Acquisition of financial assets at fair value through profit or loss	(16,444)	(10,800)
Return of capital through profit and loss of financial assets at fair value	3,299	-
Acquisition of property, plant and equipment	(5,833)	(24,427)
Disposal of property, plant and equipment	-	1,714
Acquisition of intangible assets	(1,616)	(1,222)
Increase in other non-current assets	(163,224)	(4,225)
Dividends received	-	12,280
<b>Net cash used in investing activities</b>	<u>(186,818)</u>	<u>(26,680)</u>
<b>Cash flows from financing activities:</b>		
Repayment of lease principal	(21,728)	(20,294)
Decrease in other non-current liabilities	(25)	(7)
Cash dividends paid	(146,378)	(266,697)
Share issuance costs	-	(54)
Transfer costs of treasury stocks	-	17,856
<b>Net cash outflow generated from financing activities</b>	<u>(168,131)</u>	<u>(269,196)</u>
Decrease in cash and cash equivalents of the current period	(3,430)	(78,904)
Cash and cash equivalents at beginning of period	386,988	465,892
Cash and cash equivalents at end of period	<u>\$ 383,558</u>	<u>386,988</u>

CASwell, Inc.

Comparison Table of the Amendments to Election Procedures of Directors

Original articles	New articles	Description
<p>Article 5                      The election of directors of the Company <u>shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. And</u> the cumulative voting method shall be adopted. Each share shall, in accordance with the law, have the same number of voting <u>rights</u> as the number of directors to be elected, and one director may be elected among them or several persons may be <u>allocated</u> for election. The register of the electors <u>may</u> be substituted by the card number printed <u>on the ballot</u>, and the electors' shares shall be subject to the shareholders register of the Company. The election of independent directors and non-independent directors shall be held concurrently, provided that the number of independent directors and non-independent directors elected are calculated separately.  <u>The qualification and election of independent directors of the Company shall comply with the provisions of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and relevant laws.</u></p>	<p>Article 5                      The Company's directors shall be elected by cumulative voting. Each share is <u>entitled</u> to the <u>number</u> of votes equivalent to the <u>number</u> of directors to be elected. A director shall be elected in a centralized manner, or several persons may be elected <u>separately</u>. The register of the electors may be substituted by the card number printed on the ballot, and the electors' shares shall be subject to the shareholders register of the Company. The election of independent directors and non-independent directors shall be held concurrently, provided that the number of independent directors and non-independent directors elected are calculated separately.</p>	<ol style="list-style-type: none"> <li>1. The procedure for new elections shall be governed by Article 192-1 of the Company Act.</li> <li>2. Text amendment</li> <li>3. Add the second paragraph to the article.</li> </ol>
<p>Article 6                      The number of directors will be as specified in the Articles of</p>	<p>Article 6                      The number of directors will be as specified in the Articles of</p>	<ol style="list-style-type: none"> <li>1. Text amendment in paragraph</li> </ol>

Original articles	New articles	Description
<p>Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected <u>sequentially</u>. When two or more persons receive the same number of votes, therefore, exceeding the number of positions specified in the Articles of Incorporation, they shall draw lots to determine the winner, with the chair drawing lots on behalf of <u>any person not in attendance</u>, who shall not raise any objection to the result.</p> <p><u>Unless approved by the competent authority, more than half of the Company's directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.</u></p> <p><u>If the elected directors of the Company do not conform to the provisions of the preceding paragraph, the election of such directors with lower voting rights, as a director shall become invalid.</u></p>	<p>Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially. When two or more persons receive the same number of votes, therefore, exceeding the number of positions specified in the Articles of Incorporation, they shall draw lots to determine the winner, with the chair drawing lots on behalf of <u>any person with the same number of voting rights</u>, who shall not raise any objection to the result.</p> <p><u>Where the personal data of a director elected are verified to be inconsistent, or not eligible for the election according to relevant laws and regulations, the vacancy shall be filled by the candidate with second highest numbers of voting rights of the original election.</u></p>	<ol style="list-style-type: none"> <li>1.</li> <li>2. Add texts to the second paragraph.</li> <li>3. The original Paragraph 2 is adjusted as Paragraph 3, and the text is amended.</li> </ol>
<p>Article 9</p> <p>The ballot <u>boxes</u> shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.</p>	<p>Article 9</p> <p>The ballot <u>cases</u> shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.</p>	<p>Text amendment.</p>
<p>Article 10</p> <p><u>A ballot is invalid under any of the following circumstances:</u></p> <ol style="list-style-type: none"> <li><b>I.</b> <u>The ballot provided for in these Procedures is not used.</u></li> <li><b>II.</b> <u>A blank ballot is placed in the ballot box.</u></li> <li><b>III.</b> <u>The writing is unclear and indecipherable or has been altered.</u></li> <li><b>IV.</b> <u>Names of two or more candidates</u></li> </ol>	<p>Article 10</p> <p><u>If a candidate is a shareholder, a voter must enter the candidate's account number and account name in each ballot; for a non-shareholder, the voter shall enter the candidate' full name and unified identity card number. When the candidate is a governmental organization or juristic-person shareholder, the name of the</u></p>	<p>Delete the original Article 10 and add new contents.</p>

Original articles	New articles	Description
<p><u>are entered in the same ballot.</u></p> <p><b>V.</b> <u>The candidate whose name is entered in the ballot does not conform to the director candidate list.</u></p> <p><b>VI.</b> <u>Other words are entered in addition to the number of voting rights allotted.</u></p>	<p><u>governmental organization or juristic-person shareholder and the name of its representative shall be entered the column for the candidate's account name in the ballot paper. When there are multiple representatives, the names of each respective representative shall be entered.</u></p>	
<p>Article 11</p> <p>The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, <u>including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept appropriately for a period of 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.</u></p>	<p>Article 11</p> <p><u>A ballot is invalid under any of the following circumstances:</u></p> <p><b>I.</b> <u>The ballot provided for in these Procedures is not used.</u></p> <p><b>II.</b> <u>A blank ballot is placed in the ballot case.</u></p> <p><b>III.</b> <u>The writing is unclear and indecipherable.</u></p> <p><b>IV.</b> <u>Where the candidate is a shareholder, any of the names, account numbers and the allocated voting rights filled in the ballot are missing or altered; Or the names and account numbers are inconsistent with the shareholders register.</u>  <u>Where the candidate is not a shareholder, any of the names, ID numbers and the allocated voting rights filled in the ballot are missing or altered; Or the names and ID numbers are verified to be inconsistent with the original documents.</u></p> <p><b>V.</b> <u>Other texts are entered in addition to the candidate's name or shareholder account number or ID number and the number of voting rights allotted.</u></p> <p><b>VI.</b> <u>Where the quota of candidates</u></p>	<p>Delete the original Article 11, adjust Article 13 as Article 11 and add new text.</p>

Original articles	New articles	Description
	<p><u>submitted exceeds the quota of candidates to be elected.</u></p> <p><b>VII.</b> <u>A ballot is not placed in the ballot case.</u></p> <p><b>VIII.</b> <u>The total number of voting rights cast by a voter exceeds the total number of voting rights it held.</u></p>	
<p>Article 12</p> <p><u>Any matters covered in the Procedures shall be governed by the Company Act and the Company's Articles of Incorporation.</u></p>	<p>Article 12</p> <p><u>If the total number of votes allocated is less than the candidate's voting rights, the reduction of the candidate's voting rights shall be deemed as abstention.</u></p>	<p>Delete the original Article 12 and adjust Article 15 as Article 11.</p>
<p>Article 13</p> <p><u>These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.</u></p>	<p>Article 13</p> <p>The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, shall be announced by the chair on the site.</p>	<p>Adjust Article 13 as Article 11 and adjust Article 16 as Article 13.</p>
<p>Article 14</p>	<p>Article 14</p> <p><u>The Board of Directors of the Company shall respectively issue certificates to each person elected as director.</u></p>	<p>Delete</p>
<p>Article 15</p>	<p>Article 15</p> <p>Any matters covered in the Procedures shall be governed by the Company Act and the Company's Articles of Incorporation.</p>	<p>Adjust Article 15 as Article 12 and delete this article</p>
<p>Article 16</p>	<p>Article 16</p> <p>These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.</p>	<p>Adjust Article 16 as Article 13 and delete this article</p>

CASwell, Inc.

Comparison Table of Amendments to Procedures for Acquiring or  
Disposing of Assets

After amended	Before amended	Description
<p>Article 8 Operating procedures for acquiring or disposing assets After the undertaker conducts feasibility study, the report shall be reviewed subject to the following procedures:</p> <p>I. For government bonds, corporate bonds, financial bonds, securities representing interest in a fund: If the transaction amount is or less than 20 percent of the paid-in capital of the Company, it shall be approved by the chairman; if the amount exceeds 20 percent of the paid-in capital of the Company, it shall be approved by the board of directors.</p> <p>II. For stocks, depositary receipts, call (put) warrants, beneficial interest securities: If the transaction amount is or less than <u>20</u> percent of the paid-in capital of the Company, it shall be approved by the chairman; if the amount exceeds <u>20</u> percent of the paid-in capital of the Company, it shall be approved by the board of directors.</p> <p>III. For real property and other assets or their right-of-use assets: If the transaction amount is or less than <u>20 percent of the paid-in capital of the Company</u>, it shall be approved by the</p>	<p>Article 8 Operating procedures for acquiring or disposing assets After the undertaker conducts feasibility study, the report shall be reviewed subject to the following procedures:</p> <p>I. For government bonds, corporate bonds, financial bonds, securities representing interest in a fund: If the transaction amount is or less than 20 percent of the paid-in capital of the Company, it shall be approved by the chairman; if the amount exceeds 20 percent of the paid-in capital of the Company, it shall be approved by the board of directors.</p> <p>II. For stocks, depositary receipts, call (put) warrants, beneficial interest securities: If the transaction amount is or less than <u>5</u> percent of the paid-in capital of the Company, it shall be approved by the chairman; if the amount exceeds <u>5</u> percent of the paid-in capital of the Company, it shall be approved by the board of directors.</p> <p>III. For real property and other assets or their right-of-use assets: If the transaction amount is or less than <u>NT\$50,000 thousand</u>, it shall be approved by the chairman; if the amount</p>	<p>Adjust the authority of approval as required by the Company's operation.</p>

<b>After amended</b>	<b>Before amended</b>	<b>Description</b>
<p>chairman; if the amount exceeds <u>20 percent of the paid-in capital of the Company</u>, it shall be approved by the board of directors.</p> <p>IV. When entering into a sales contract with the counterparty, in order to meet the business needs and strive for timeliness, it must be approved by the chairman before entering into the contract, and then submitted to the latest board of directors for ratification.</p> <p>V. If, in accordance with the provisions of the Company Law or other laws and regulations, resolutions or reports of the shareholders' meeting are required, they shall be followed.</p>	<p>exceeds <u>NT\$50,000 thousand</u>, it shall be approved by the board of directors.</p> <p>IV. When entering into a sales contract with the counterparty, in order to meet the business needs and strive for timeliness, it must be approved by the chairman before entering into the contract, and then submitted to the latest board of directors for ratification.</p> <p>V. If, in accordance with the provisions of the Company Law or other laws and regulations, resolutions or reports of the shareholders' meeting are required, they shall be followed.</p>	

## The Slate of Directors and Independent Directors Candidates

Candidate Category	Name (Gender)	Education Background	Working Experience	Current Position	Total Shares Held (Unit/Share)	Government or Legal Person Represented
Director	Steve Chu (Male)	Bachelor of Electronic Engineering, St. John's and St. Mary's Institute of Technology	Senior Assistant Vice President of Hon Hai Precision Industry Co., Ltd.	Chairman & CEO, Ennoconn Corporation Chairman, Caswell, Inc. Chairman, Goldtek Technology Co., Ltd. Chairman, Dexatek Technology Co., Ltd. Director, Suzhou Ennoconn Tecgnology Co., Ltd. Chairman, Poslab Technology Corporation Chairman, AIS Cayman Technology Group Director, Ennoconn International Investment Co., Ltd. Director, Marketech International Corp. Director, EnnoMech Precision Co., Ltd. Director, Vecow Co., Ltd. Director, Kontron AG Director, ENGA Technology Co., Ltd. Director, Hanchu Co., Ltd. Director, Xinpu Star Venture Capital Co., Ltd.	20,000,000	Ennoconn Corporation
Director	Aven Lou (Male)	Department of Business Administration, Feng Chia University	Engineering Management, Nan Ya Plastics Corporation Vice President in Operation and Management of Hon Hai Precision Industry Co., Ltd.	General Manager in Mainland Region, Ennoconn Corporation Director, Caswell, Inc. Chairman, Ennoconn International Investment Co., Ltd. Chairman, EnnoMech Precision Co., Ltd. Chairman, EnnoMech Precision (Cayman) Co., Ltd. Chairman, Ennoconn Investment Holding Co.,Ltd. Chairman, Foshan Ennoconn Investment Co., Ltd. Chairman, Huaen Investment Co., Ltd. Director, Marketech International Corp. Director, Goldtek Technology Co., Ltd. Chairman, INNOVATIVE SYSTEMS	20,000,000	Ennoconn Corporation

Candidate Category	Name (Gender)	Education Background	Working Experience	Current Position	Total Shares Held (Unit/Share)	Government or Legal Person Represented
				INTEGRATION LIMITED Chairman, Suzhou Ennoconn Tecgnology Co., Ltd. Director, ENGA Technology Co., Ltd.		
Director	Nelson Tsay (Male)	Master's Degree in Business Administration, West Coast University	General Manager, American Industrial Systems Inc.	General Manager, Ennoconn Corporation Director, Caswell, Inc. Chairman, American Industrial Systems Inc. Chairman, Vecow Co., Ltd. Director, AIS Cayman Technology Group Director, Ennoconn International Investment Co., Ltd. Director, Poslab Technology Corporation Director, Marketech International Corp. Director, ARBOR Technology Corp. Director, Ennowell Co., Ltd.	20,000,000	Ennoconn Corporation
Director	Reaforl Hung (Male)	Master, Department of Innovation and Entrepreneurship Management, Shih Chien University	R&D Vice President, Portwell, Inc.	General Manager, Caswell, Inc. Director, CASO, INC. Chairman, Hawkeye Tech, Co., Ltd.	115,446	N/A
Independent Director	Jennifer Shao (Female)	Master, Business Administration, National Chung Hsing University	Assistant Manager, Investment Department, China Development Industrial Bank Vice President, Hanyou Investment Consulting Co., Ltd. Member of the Remuneration Committee, Portwell, Inc. Independent Director and	Independent Director and Member of the Audit Committee and Remuneration Committee, Caswell, Inc. Director, Bentech Systems Corporation Chairman, Caiying Investment Co., Ltd.	0	N/A

Candidate Category	Name (Gender)	Education Background	Working Experience	Current Position	Total Shares Held (Unit/Share)	Government or Legal Person Represented
			Member of the Remuneration Committee, TMP Steel Corporation Supervisor, Insyde Software Co., Ltd.			
Independent Director	Wen-Chang Fang (Male)	Ph. D., Northwestern University	Dean, College of Business, National Taipei University Dean, Department of Business Administration, NTPU Director, Graduate Institute of Information Management, NTPU Independent Director, Member of Audit Committee and Remuneration Committee, Ennoconn Corporation	Professional Professor, Department of Business Administration, NTPU Independent Director, Member of Audit Committee and Remuneration Committee, AcSiP Technology Corp. Director, Taipei Jingwen Bilingual School Director, Da-Yeh University Director, Da-Yeh Culture and Education Foundation	0	N/A
Independent Director	Fu-Chi Teng (Male)	Entrepreneur Business Administration Program, National Chengchi University	Chairman, Tainet Communication System Corp. Independent Director, Shun On Electronic Co., Ltd. Corporate Representative Director, Data Image Corporation	Chairman, Advanced Power Electronics Corp. Corporate Representative Director, Tainet Communication System Corp. Independent Director, Tul Corporation	0	N/A

**CASwell, Inc.**  
**Rules of Procedure for Shareholders' Meetings**

Revised by the Board of Directors on February 25, 2013  
Approved by the Shareholders' Meeting on April 9, 2013

- Article 1 Unless otherwise required by laws, the shareholders' meeting of the Company shall be convened in accordance with the Rules of Procedure for the shareholders' meetings.
- Article 2 The shareholders as set forth in the Rules mean the shareholders and the proxies entrusted by them to attend the shareholders' meetings on behalf of them.
- Article 3 The shareholders attending the shareholders' meetings are required to wear an attendance card and to submit such cards in lieu of sign-in. The number of shares represented by the shareholders attending the shareholders' meetings shall be calculated in accordance with the number of attendance cards submitted by the shareholders.
- Article 4 The chairman shall call the meeting to order at the time scheduled for the meeting. In the event that only shareholders representing less than half of the total issued shares attend a shareholders' meeting, the chairman may announce adjournment, but a meeting shall not be adjourned for more than twice, and the cumulative time of adjournment shall not be longer than one hour. If two adjournments are still insufficient for shareholders representing more than 1/3 of the total issued shares to attend the meeting and constitute a quorum, a tentative resolution shall be passed in accordance with Article 175 of the Company Act. In the event that the total number of shares represented by the shareholders present in a shareholders' meeting constitutes a majority of the total issued shares before the end of the meeting, the chairman shall bring a tentative resolution so adopted into the shareholders' meeting a new to be duly resolved according to Article 174 of the Company Act.
- Article 5 In the event that the shareholders' meeting is convened by the Board of Directors and the agenda shall be worked out by the Board of Directors, the shareholders' meeting shall duly be convened based on the predetermined agenda, which shall not be changed unless duly approved by a resolution of the shareholders' meeting. The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting. The chairman shall not announce adjournment of the meeting until the agenda in the two preceding paragraphs is completed (including occasional (extemporaneous) motions) unless duly resolved in the meeting. Once a meeting is adjourned by a resolution, the

shareholders shall not additionally elect a chairman to proceed with the meeting in the place where the meeting would have been convened or another place. However, in the event that the chairman announces adjournment of the meeting against the rules of procedure for the shareholders' meetings, one of the shareholders shall be elected as chairman with the consent of the shareholders present representing a majority of voting rights to reconvene the meeting.

Article 6 During the process of the meeting, the chairman may announce a recess at an appropriate time at discretion. When the matters discussed at a meeting cannot be addressed, a resolution shall be passed by the shareholders to adjourn or reconvene the meeting within five days without giving a notice or making a public announcement.

Article 7 Before the shareholders present speak, they shall first fill in notes for speaking, where the subjects of their speaking, shareholder accounts and account name shall be indicated. The chairman shall determine the order of precedence for the shareholders to speak at the meeting. The shareholders who have submitted the notes for speaking but have not spoken at the meeting shall be deemed to have not spoken. In the event of any inconsistency between the content of any shareholder's speech and that recorded on the note, the former shall prevail. While a shareholder is speaking, no other shareholder shall interrupt the speaking shareholder unless permitted by the chairman and such speaking shareholder, and the chairman shall stop any such interruptions.

Article 8 For each proposal, each shareholder shall not speak for more than twice and five minutes each time unless agreed upon by the chairman. If any shareholder present speaks against provisions of the preceding paragraph, beyond the subject discussed, or against the order of precedence for speaking, the chairman may stop or suspend the shareholder's speech. Other shareholders may also request the chairman to do so.

Article 9 Where the chairman believes that a proposal has been discussed in the meeting up to the level for voting, the chairman may announce discontinuance of the discussion process and bring that proposal to a vote.

Article 10 Except as otherwise provided under the Company Act and/or the Company's Articles of Incorporation, a resolution shall be adopted with the approval of a majority of the votes of the shareholders present.

If, in the course of voting, no objection is made after the chairman's inquiry, the proposal shall be deemed to have been adopted with the same effect as if it has been adopted through voting.

The shareholders may attend a shareholders' meeting by proxy. Except for trusts or service agents approved by competent securities authorities, any person

simultaneously entrusted by two and more shareholders shall not represent more than 3% of the voting rights in total issued shares, otherwise, the votes casted shall be disregarded.

Article 11 The number of shareholders present in a shareholders' meeting and their voting shall be duly calculated based on the shares they hold, and a shareholder shall have the right to cast one vote for each share held.

Article 12 The shareholders' meeting shall be held in the city or county where the Company is located or at any other place that is convenient for the shareholders to attend and appropriate to convene such meeting, and shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.

Article 13 If a shareholders' meeting is convened by the Board of Directors of the Company (the "Board" or "Board of Directors"), the chairman shall preside at such meeting. If the chairman is on leave or unable to exercise his powers and duties for any reason, the Vice chairman shall preside at such meeting. The chairman shall designate a managing director to preside as the chairman if the Vice chairman is on leave or unable to exercise his powers and duties for any reason. If no managing director of the Company is appointed, the chairman shall designate a director to preside as the chairman. If the chairman fails to designate a chairman for the meeting, the managing director or the directors shall nominate one from among themselves to preside at the meeting. If a shareholders' meeting is convened by anyone other than the Board of Directors, the convener shall act as the chairman. Where there are more than two conveners, one of such conveners shall be elected from among themselves the chair the shareholder's meeting.

Article 14 The Company shall appoint attorney (s)-at-law, certified public accountant (s) or relevant personnel to attend a shareholders' meeting. Staff at an shareholders' meeting shall wear ID badges or arm badges.

Article 15 The Company shall record the whole meeting process and keep the records for at least one year.

Article 16 In the event that a proposal has amendments or substitutes, the order of voting shall be determined by the chairman. When one among such amendments or substitutes is approved, the remained ones shall be deemed to have been vetoed and no further voting shall be required.

Article 17 In the event that a juristic (corporate) person is entrusted to attend a shareholders' meeting, that juristic (corporate) person may appoint only one representative to attend the meeting. If a shareholder who is a juristic person appoints two or more representatives to attend a shareholders' meeting, only one representative may speak on any given proposal.

- Article 18 After a shareholder speaks, the chairman shall answer either by himself or herself or through a designee.
- Article 19 Staff such as supervisor and vote counter shall be appointed by the chairman. The supervisor shall be a shareholder. The voting results shall be announced at the meeting and recorded in writing.
- Article 20 The chairman may direct staff or inspectors or security personnel to assist in maintaining the order of each shareholder's meeting.  
In maintaining the order of the meeting, such personnel shall wear identification certificates useful for identification.  
If any shareholder present willfully disrupts the order of the meeting in words or by acts, which constitute personal attack, and fails to control himself or herself when stopped by the chairman, the chairman shall ask the staff mentioned in the preceding clause to ask such shareholder to leave the meeting, in order to maintain the order of the meeting, ensure smooth completion of the meeting, and safeguard a majority of shareholders' equity.
- Article 21 In the event of a major disaster such as an air raid alarm, an earthquake or a fire, the meeting shall be announced as ended or suspended. The personnel shall be evacuated from the premises. One hour after the situation has been resolved, the chairman shall announce the new meeting time.
- Article 22 Matters not specified in the Rules shall be governed by the Company Act, the Company's Articles of Incorporation.
- Article 23 These rules and any amendments hereof shall be put into enforcement after being resolved at the shareholder meeting.

## Articles of Association of CASwell, Inc.

Amended by the Shareholders' Meeting on June 16, 2022

### Chapter I General

Article 1 The Company is organized according to the Company Act under the name of CASwell, Inc.

English name: CASWELL, INC.

Article 2 The business to be operated by the Company is as follows:

CC01080 Electronic Parts and Components Manufacturing

CC01110 Computers and Computing Peripheral Equipment Manufacturing

CC01120 Data Storage Media Manufacturing and Duplicating.

E605010 Computing Equipment Installation Construction

F113050 Wholesale of Computing and Business Machinery Equipment

F118010 Information Software Wholesale Industry

F119010 Electronic Materials Wholesale Industry

F401010 International trade

I501010 Product Design Services

I301010 Information Software Services

I301020 Data Processing Services

I301030 Digital Information Supply Services

IG02010 Research Development Service

ZZ99999 All business not prohibited or restricted by law, except for those subject to special approval

Article 3 The Company may provide endorsements and guarantees for the purpose of its business. Unless otherwise stipulated by laws, the total amount of foreign investments [shall not be limited to 40% of the paid-in capital] as specified in Article 13 of the Company Act.

Article 4 The Company is headquartered in New Taipei, and when necessary, it may establish branches home and abroad upon resolution of the Board of Directors.

Article 5 Public announcements of the Company shall be duly made in accordance with Article 28 of the Company Act, other relevant laws and regulations.

### Chapter II Share

Article 6 The Company's total capital shall be set at NT\$1 billion, divided into 100 million

shares with each share having a par value of NT\$10. The Board of Directors is authorized to issue the unissued shares in separate installments as required.

The capital amount of NT\$12 million in the preceding paragraph shall be reserved for issuance of employee stock warrants with each share having a par value of NT\$10 which may be issued in installments according to the resolution of the Board of Directors.

Article 6-1 The shares purchased by the Company may be transferred to employees of the Company's affiliates who meet certain conditions under terms and conditions determined by the Board of Directors.

The stock warrants of the Company may be issued to employees of the Company's affiliates who meet certain conditions under terms and conditions determined by the Board of Directors.

The Company may issue restricted stock awards to employees of its affiliates who meet certain conditions under terms and conditions determined by the Board of Directors.

When the Company issues new shares by increasing capital in cash, employees of the Company's affiliates who meet certain conditions shall be eligible for subscribing to such shares under terms and conditions determined by the Board of Directors.

Article 7 The Company may issue shares, which shall be registered or kept by a central securities depository.

Other negotiable securities, if any, shall also be issued according to the foregoing provision.

Article 8 Unless otherwise stipulated by laws or competent securities authorities, related affairs shall be handled in accordance with the Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 9 No registration of share transfer shall be made within sixty days (60) prior to a general shareholders' meeting, or within thirty days (30) prior to an extraordinary shareholders' meeting, or within five (5) days prior to the day on which dividend, bonus or other benefits are scheduled to be paid by the Company.

### Chapter III Shareholders' Meetings

Article 10 Shareholders' meetings are divided into general and extraordinary shareholders' meetings. The general shareholders' meetings are convened once a year and lawfully held by the Board of Directors within six months after the end of each fiscal year. The extraordinary meetings shall be duly convened when necessary.

The shareholders' meeting of the Company may be held by video conference or other means announced by the central competent authority.

For relevant regulations such as the conditions, operating procedures and other matters for video conference, and if there are other regulations by the securities authority, such regulations shall prevail.

Article 10-1 The shareholder holding one percent of the total issued and outstanding shares may submit a proposal in writing to be discussed at the annual meeting, provided that only one matter may be included in such proposal. Any proposal that includes more than one matter shall be disregarded and excluded from the meeting agenda. The relevant process shall comply with the Company Act, all applicable laws and regulations.

Article 10-2 When the Company convenes a shareholders' meeting, the shareholders may exercise the voting rights in writing or electronically.

Article 11 Where a shareholder meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. If the chairman is on leave or unable to exercise his powers and duties for any reason, the Chairman shall appoint one director to preside at the meeting. If the Chairman appoints no agent, the directors shall elect one among themselves to chair the meeting; if the meeting is convened by anyone with the authority to convene other than the Board of Directors, the convener shall be the chairman; if there are more than two persons with the authority to convene, the chairman of the meeting shall be appointed from among them.

Article 12 When a shareholder is unable to attend a shareholders' meeting for any reason, the shareholder may appoint a proxy to attend the meeting on his/her behalf by providing a power of attorney in accordance with Article 177 of the Company Act. The proxy process is governed by Article 177 of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies" prescribed by the competent authority.

Article 13 Unless otherwise provided by laws or regulations, each shareholder of the Company shall have one vote for each share.

Article 14 Unless otherwise provided for in the Company Act, resolutions shall be adopted by a majority of votes at a meeting attended by shareholders who represent a majority of the total issued shares.

Article 15 All resolutions passed at a shareholders' meeting shall be recorded in the written minutes, which shall be signed or affixed with seal by the chairman and served to all shareholders within twenty days after the meeting. The minutes shall record essential content and results of the discussions, kept in the Company together with the attendance book and the proxies. The term for keeping the minutes, attendance book and proxies shall be determined according to the Company Act. The preceding minutes may be distributed electronically or by making public

announcements.

Article 15-1 If the Company intends to revoke a public issuance plan, it shall present it to be resolved at a shareholders' meeting before making a request to the competent authority. This clause may not be changed during the emerging period and after the Company goes public.

#### Chapter IV Directors

Article 16 The Company has 7 to 9 directors, whose term of office shall be 3 years. The directors of the Company shall be elected and appointed using the candidate nomination system stated in Clause 1, Article 192 of the Company Act and from the candidates of directors nominated at the shareholders' meeting. They may be eligible for reelection.

Among the designated number of directors as mentioned above, there shall be at least three independent directors.

The restrictions on professional qualifications, shareholding and concurrent positions held, manners of nomination and election of independent directors, and other related matters shall comply with the Company Act, Securities Exchange Act, other related laws and regulations. The directors shall comply with the rules of the competent securities authorities concerning their total shareholding ratio.

The Company's directors shall be elected by cumulative voting. Each share is entitled to the number of votes equivalent to the number of directors to be elected. A director shall be elected in a centralized manner, or several persons may be elected together, among whom the one with the most votes shall be appointed as director.

The election of independent directors and non-independent directors shall be held concurrently, provided that the number of independent directors and non-independent directors elected shall be calculated separately.

When it is necessary to amend the Company's method for electing directors, in addition to the provisions of Article 172 of the Company Act, a comparison table for the amendment of the method shall be listed in the reasons for convening the shareholders' meeting.

The Board of Directors shall establish various functional committees, each of which shall formulate rules and regulations for exercising their powers. Such rules and regulations shall be implemented after they are approved by the Board of Directors.

Article 16-1 If a director's tenure has expired and it is too late for re-election, it shall be extended until the re-elected director takes office.

Article 17 The directors shall organize a Board meeting, where over two-thirds of the directors shall attend, elect one from among them to be the chairman with the

consent of a majority of them, and a vice chairman in the same manner. The chairman shall act on behalf of the Company externally.

Article 17-1 In case that the vacancies in the office of directors reach one-third of the Board or if all independent directors have been removed, the Board of Directors shall convene an extraordinary shareholders' meeting within sixty days to elect new directors to fill the vacancies. A director elected to fill such vacancy shall hold office for the remained term of the director whose office was vacant. When the number of directors falls below 5 or the number of independent directors falls below that prescribed in the Company's Articles of Association due to removal for any reason, a by-election to fill the vacancy shall be held at the next shareholders' meeting, and the elected directors shall hold office for the remained term of the vacant office.

Article 17-2 Except as otherwise provided by the Company Act, resolutions of the Board of Directors shall be adopted by at least a majority of the directors present at a meeting attended by at least a majority of the directors holding office. Upon the chairman's leave, absence or unavailability for performance of duties, the proxy shall act at the meeting in accordance with Article 208 of the Company Act.

Where a director is unable to attend a Board of Directors meeting for any reason, the director may issue a power attorney, stating therein the scope of authority with reference to the matters for convening the meeting, and appoint another director to serve as his or her proxy. However, a proxy may only accept the appointment of one director only. The proxy shall act according to Article 205 of the Company Act.

To convene a Board of Directors meeting, a seven-day notice shall be served to all directors, expressly indicating the subject (s) of the meeting. In case of an emergency, a Board of Directors meeting may be convened any time.

Such notices mentioned in the preceding paragraph may be served in writing or by means of facsimile or email.

If participation by means of video conferencing is made available at a meeting, directors who participate in the meeting by such means shall be deemed to have attended such meeting in person.

Article 18 The Company shall set up an Audit Committee in accordance with the provisions of Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The members of the Audit Committee or the Audit Committee shall be responsible for performing the duties under the Company Act, the securities exchange law, and other laws and regulations as supervisors.

Article 19 The directors shall be paid by the Company for holding their offices in the Company. Their remuneration shall be determined by the Board of Directors

based on the degree of their participation in and contributions to the business operations of the Company, as well as industry standards home and abroad.

Article 19-1 The Company may purchase and maintain liability insurances for directors and managers with respect to their liabilities lawfully arising from exercising their duties. The amount and other details of the insurances shall be determined by the Board of Directors.

Article 20 The resolutions adopted at a shareholders' meeting shall be made into minutes, which shall be signed by or affixed with seal by the chairman of the meetings and distributed to all shareholders within 20 days after the meeting. Such minutes shall be produced and distributed electronically.

The minutes shall record essential content and results of the subject (s) discussed at the meeting, kept in the Company together with the attendance book of the directors present and power attorneys of those attending the meeting by proxy, which shall be kept for a period as stipulated in Article 207 of the Company Act.

#### Chapter V Managers

Article 21 The Company may appoint managers, whose appointment, removal and remuneration shall be governed by Article 29 of the Company Act.

#### Chapter VI Accounting

Article 22 At the end of each fiscal year, the Board of Directors shall prepare following statements, which shall be submitted to the Audit Committee for auditing no later than 30 days prior to the date of the annual general shareholders' meeting, and then presented for approval at the meeting.

(I) Business Report

(II) Financial statements

(III) Statements on earnings distribution or loss appropriation

Article 23 If the Company makes profits (i.e., net profits before tax after deduction of the portion set aside for employee remuneration) within a fiscal year, 2~15% of the profits shall be reserved as the employee remuneration, and no more than 2% shall be reserved as director remuneration. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.

The employee remuneration mentioned above may be paid in the form of shares or in cash. It shall also be paid to employees of the Company's affiliates who meet certain conditions. The terms of payment shall be decided by the Board of Directors. The above remuneration to the directors shall be in cash.

The preceding remunerations to employees and directors shall be determined by

the resolution of Board of Directors and reported to the shareholders' meeting. The terms of payment shall be decided by the Board of Directors.

Article 23-1 In case there are profits after tax in the final settlement of the current year, the Company should first offset the accumulated loss and retain 10% as legal surplus reserve in accordance with the law; however, when the legal surplus reserve exceeds the paid-in capital of the Company, it is not subject to this limitation. Certain amount should be further allocated as special reserve or the special reserve should be reversed in accordance with applicable laws and regulations or as requested by the competent authority. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan is proposed by the BOD and approved by the shareholders' meeting.

If the Company distributes dividends and bonuses in cash, or all or part of the statutory surplus reserve and capital reserve stated in the first paragraph of Article 241 of the Company Act are paid in cash, the board of directors shall be authorized to do so in the presence of more than two-thirds of the directors and with the consent of more than half of the directors present, and report to the shareholders' meeting in accordance with Article 240, paragraph 5, of the Company Act.

The dividend distribution to the shareholders of the Company can be distributed in cash or shares, in which the amount shall not less than 10% of the retained earnings the after tax of the current year, and the proportion of shareholders' cash dividends shall not be less than 10% of the total dividends of the shareholders. The Company is in a growing industry. The type and proportion of this retained earnings distribution is based on the Company's future capital demand and long-term operating plan. The BOD may draw up a distribution proposal according to the current operating conditions and taking into account shareholders' equity, balanced dividend policy and capital demand plan, and submit it to the shareholders' meeting for resolution and adjustment.

If there is no loss and the Company has no earnings to be distributed or has financial, business or operational considerations, part or all of the reserve may be distributed according to the law or the competent authority's requirements.

## Chapter VII Supplementary Provisions

Article 24 Any matters unmentioned under the Articles of Incorporation shall be subject to the Company Act, related rules and regulations.

Article 25 The Articles of Association were formulated on April 11, 2007.

The first amendment was made on January 2, 2008.

The second amendment was made on January 28, 2008.

The third amendment was made on April 1, 2008.

The fourth amendment was made on April 15, 2009.

The fifth amendment was made on June 10, 2010.

The sixth amendment was made on May 24, 2011.

The seventh amendment was made on April 9, 2013.

The eighth amendment was made on June 11, 2014.

The ninth amendment was made on April 20, 2016.

The tenth amendment was made on April 20, 2017.

The eleventh amendment was made on June 5, 2019.

The twelfth amendment was made on June 16, 2022.

The Articles of Incorporation shall enter into force from their approval by the resolution of the shareholders' meeting, so shall the amendments.

## CASwell, Inc.

### **Election Procedures of Directors**

Formulated by the Board of Directors on February 25, 2013

Approved by the Shareholders' Meeting on April 9, 2013

- Article 1 The election of directors of the Company shall be performed in compliance with the provisions of these Rules.
- Article 2 The election of directors of the Company shall be held at the shareholders' meeting.
- Article 3 Anyone with disposing capacity shall have opportunities to be elected as a director of the Company.
- Article 4 The number and tenure of directors in the Company shall be determined in accordance with the Company's Articles of Incorporation.
- Article 5 The Company's directors shall be elected by cumulative voting. Each share is entitle to the number of votes equivalent to the number of directors to be elected in accordance with laws. A director shall be elected in a centralized manner, or several persons may be elected together. The name of a voter shall be represented by the attendance certificate number printed on the ballot paper, and the equity of the voter shall be determined in accordance with the attendance book of the Company's shareholders. The election of independent directors and non-independent directors shall be held concurrently, provided that the number of independent directors and non-independent directors elected shall be calculated separately.
- Article 6 According to the quota set in the Company's Articles of Incorporation, persons with the most votes shall be elected in order. If two or more people get the same number of votes and the number exceeds the quota set in the Company's Articles of Incorporation, persons with the same number of votes shall draw lots. If any person with the same number of votes is absent, the chairman shall draw lots on behalf of him/her, and no objection to the results shall be allowed.  
If any elected director is found to provide inconsistent personal information or is deemed ineligible in line with relevant laws and regulations upon verification, the vacancy shall be filled by the candidate to be elected with the original second majority of votes.
- Article 7 The Board of Directors shall prepare ballot papers, which shall be stamped with the Company's seal, and shall also include the voter's attendance certificate number and votes on the ballot paper.
- Article 8 At the beginning of the election, the chairman shall designate a number of personnel as scrutineers and tellers to handle matters concerned.
- Article 9 The ballot box shall be prepared by the Board of Directors and publicly inspected by scrutineers before voting.
- Article 10 If the candidate is a shareholder, the voter must fill in the candidate's account number and name on each ballot paper; If the candidate is not a shareholder, the voter must fill in the candidate's name and unified ID number. When the candidate is a government or corporate shareholder, the candidate column of the ballot shall manifest the names of the government agency and its representative, or the names of its corporate and representative; When there are multiple representatives, the names of representatives shall be added and filled in separately.

- Article 11 A ballot paper shall be deemed invalid if one of the following circumstances occurs:
- I. Voters do not use the votes specified in these Rules.
  - II. Unwritten blank ballots are put into the ballot box.
  - III. The voter's handwriting is indistinct and illegible.
  - IV. When the candidate is a shareholder, any item of the name, account, and number of votes allocated to the candidate is omitted or altered; Or his/her name or account does not consist with information on the attendance book. When the candidate is not a shareholder, any item of the name, ID number, and number of votes allocated to the candidate is omitted or altered; Or his/her name or ID number does not consistent with the original documents upon verification.
  - V. In addition to the candidate's name, shareholder account or ID number, and the number of votes allocated, other graphic and textual information is filled in.
  - VI. The number of candidates filled in exceeds the prescribed number of candidates.
  - VII. Votes are not cast in the ballot box.
  - VIII. The total number of votes cast by voters exceeds the total number of votes held by him/her.
- Article 12 When the total number of votes allocated is less than the number of votes held by the voter, the difference in the number of votes shall be deemed as a waiver.
- Article 13 After the voting is completed, the votes shall be counted in public, and results shall be announced by the chairman in public.
- Article 14 The elected directors shall be issued with certificates of election by the Company's Board of Directors.
- Article 15 Matters not specified in these Rules shall be governed by the Company Act, the Company's Articles of Incorporation.
- Article 16 These rules and any amendments hereof shall be put into enforcement after being approved at the shareholder meeting.

## CASwell, Inc.

### Procedures for Acquiring or Disposing of Assets

Approved by the Shareholders' Meeting on June 16, 2022

Article 1 Purpose

This procedure is made to ensure investment, information release, and enhance management of the acquiring or disposing of the Company's assets.

Article 2 Base of the Procedures

This procedure is made subject to under Article 36-1 of the Securities and Exchange Act.

Article 3 Asset Scope

The term "assets" as used in these Regulations includes the following:

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article 4 Definitions

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance

contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

- II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. Provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- VIII. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5 Exclusion of related persons

For the appraisal report or the opinion of the accountant, lawyer or securities

underwriter obtained by the Company, the relevant professional appraising unit and its appraiser, accountant, lawyer or securities underwriter shall comply with the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- II. May not be a related party or de facto related party of any party to the transaction.
- III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion.
- III. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

#### Article 6 Scope and Amount Limitation of Investment

Except for those who participate in investment establishment or serve as directors and supervisors and intend to hold them for a long time, the total amounts of real property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for business use, and limits on individual securities shall be as follows:

- I. The total amounts of real property and right-of-use assets shall not exceed 50 percent of the Company's net value.
- II. The total investment amounts of securities shall not exceed 350 percent of the Company's net value.
- III. The total investment amounts of individual securities shall not exceed 200 percent of the Company's net value.

Article 7 Evaluation procedures for the acquisition or disposal of assets

The undertaker shall conduct feasibility study subject to the following pricing and references:

- I. Securities:
  - (I) The price of securities traded on a centralized trading market or at the business premises of a securities firm shall be determined according to the market price of the securities at that time.
  - (II) The price of securities not acquired or disposed of in a centralized trading market or the business premises of a securities firm shall be determined taking into account its net value per share, profitability, future development potential and with reference to the current trading price.
  - (III) The Company acquires or disposes of securities, the latest financial statements of the subject company audited, certified or approved by the accountant shall be taken as a reference for evaluating the transaction price before the occurrence of the fact. In addition, if the transaction amount reaches 20% of the paid-in capital of the Company or more than NT\$ 300 million, the accountant shall be consulted to express his opinion on the rationality of the transaction price before the occurrence of the fact. However, this restriction shall not apply to the publicly reported price of the priced securities with an active market or the provisions of the Financial Regulatory Commission.
- II. Immovable and equipment or its right to use  
In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$ 300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (II) Where the transaction amount is NT\$ 1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) In case of any of the following valuation results of a professional valuer, except that all the valuation results of the acquired assets are higher than the transaction amount, or all the valuation results of the disposed assets are lower than the transaction amount, an accountant shall be consulted to express specific opinions on the reasons for the difference and the appropriateness of the transaction price:
  - 1. The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
  - 2. The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount.
- (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

### III. Membership

Where the Company acquires or disposes memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$ 300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

### IV. Intangible assets or right-of-use assets:

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$ 300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

### V. Other Assets:

Shall apply to price comparison, bargaining, bidding or other methods.

- VI. Where the Company acquires or disposes of assets through court auction procedures, the evidential documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 8 Operating procedures for acquiring or disposing assets

After the undertaker conducts feasibility study, the report shall be reviewed subject to the following procedures:

- I. For government bonds, corporate bonds, financial bonds, securities representing interest in a fund: If the transaction amount is or less than 20 percent of the paid-in capital of the Company, it shall be approved by the chairman; if the amount exceeds 20 percent of the paid-in capital of the Company, it shall be approved by the board of directors.
- II. For stocks, depositary receipts, call (put) warrants, beneficial interest securities: If the transaction amount is or less than 5 percent of the paid-in capital of the Company, it shall be approved by the chairman; if the amount exceeds 5 percent of the paid-in capital of the Company, it shall be approved by the board of directors.
- III. For real property and other assets or their right-of-use assets: If the transaction amount is or less than NT\$ 50,000 thousand, it shall be approved by the chairman; if the amount exceeds NT\$ 50,000 thousand, it shall be approved by the board of directors.
- IV. When entering into a sales contract with the counterparty, in order to meet the business needs and strive for timeliness, it must be approved by the chairman before entering into the contract, and then submitted to the latest board of directors for ratification.
- V. If, in accordance with the provisions of the Company Law or other laws and regulations, resolutions or reports of the shareholders' meeting are required, they shall be followed.

Article 9 The calculation of the transaction amounts referred to in Article 7 and 8 shall be made in accordance with Article 14, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have obtained an appraisal report from a professional appraiser and accounting opinion need not be counted toward the transaction amount.

Article 10 Related Party Transactions :

- I. When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the

Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

II. When the Company acquires or disposes of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been agreed by more than two-thirds of all the members of the audit commission and approved by the board of directors, and Paragraphs 3 and 4 of Article 18 of this processing procedure shall be applied:

- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (II) The reason for choosing the related party as a transaction counterparty.
- (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3 to 6 of this Article.
- (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and 2 and the transaction amount will reach 10 percent or more of its total assets, the

Company shall submit the above materials to the shareholders meeting for approval before the transaction contract may be entered into and any payment made.

However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and 2 shall be made in accordance with Article 14, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to Article 8, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

- (I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- (II) Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the board of directors, the Company shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

III. When acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means (Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.):

- (I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-

financial industry lending rate announced by the Ministry of Finance.

- (II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- IV. If the Company acquires real property or right-of-use assets from a related party, it shall appraise the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs, and shall also engage a CPA to check the appraisal and render a specific opinion.
  - V. Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the preceding two paragraphs do not apply, but the acquisition shall be conducted in accordance with the second paragraph:
    - (I) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
    - (II) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
    - (III) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
    - (IV) The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
  - VI. Where the Company acquires real property or right-of-use assets thereof from a related party, and the results of the appraisal conducted in accordance with the previous three paragraphs are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 7. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
    - (I) Where the related party acquired undeveloped land or leased land

for development, it may submit proof of compliance with one of the following conditions:

1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- (II) Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
- (III) Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph (1) and (2) in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- VII. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the paragraph (3) of this article are uniformly lower than the transaction price, the following steps shall be taken:
- (I) Special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real

property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under paragraph 1 of Article 41 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

(II) The independent director members of the audit committee shall comply with Article 218 of the Company Act.

(III) Actions taken pursuant to the subparagraph (1) and (2) above shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

VIII. If the Company has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

IX. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 11 (deleted)

Article 11-1 (deleted)

Article 12 Engaging in Derivatives Trading

I. Operating or hedging strategies

When engaging in derivative commodity trading, the purpose should be to avoid risks. The selected trading commodities should mainly enable the Company to avoid risks arising from business operations, and the counterpart should be banks that usually have business dealings with the Company to avoid credit risks.

II. Segregation of duties

(I) Financial staff

1. Acquire market information, judge trends and risks, be familiar with financial commodities and related laws and regulations, operation skills, etc., and engage in transactions according to the instructions and authorization of the competent authorities to

- avoid the risk of market price fluctuations.
    - 2. Regular evaluation.
    - 3. Regular announcement and report.
  - (II) Accounting staff
    - 1. To provide information on risk exposure position.
    - 2. Keep accounts and prepare financial statements in accordance with generally accepted accounting principles.
    - 3. Measure, supervise and control transaction risks.
- III. Essentials of performance evaluation
  - (I) Hedge trades shall be evaluated at least once every two weeks, and the evaluation reports shall be submitted to the chairman for approval.
  - (II) The performance evaluation should be compared with the pre-set evaluation basis on the evaluation date to serve as a reference for future decision-making.
- IV. Total amount of derivatives contracts that may be traded, and the maximum loss limit
  - (I) Total amount of contracts: The accumulated outstanding balance of contracts at any one time of the total amount of contracts in which the Company may engage in derivative commodity trading shall not exceed 50 percent of the Company's net value at that time.
  - (II) The maximum loss limit on individual contracts: 20 percent of the contract amount. In emergency, it shall be submitted to senior management personnel authorized by the board of directors for approval.
  - (III) The maximum loss limit on total trading contracts: 20 percent of the total contract amount.
- V. Operating Procedures
  - (I) Confirm the trading position
  - (II) Analysis and judge relevant trends
  - (III) Decide on specific measures to avoid risks:
    - 1. Subject of trade
    - 2. Position of trade
    - 3. Target price and range
    - 4. Trade method and form
  - (IV) Obtain trade approval
  - (V) Execute trade

1. Trade object: Limited to domestic and foreign financial institutions
  2. Trading personnel: The personnel who may execute derivative commodity trading of the Company shall first obtain the consent of the chairman and then be notify the current financial institutions of the Company. No person other than the above-mentioned person may engage in trading.
- (VI) Transaction confirmation: After the transaction, the transaction personnel shall fill in the transaction documents for the confirmation personnel to confirm whether the transaction conditions are consistent with the transaction documents, and send them to the responsible person for approval.
- (VII) Settlement: After the transaction is confirmed to be correct, the buyer shall prepare the fund and relevant documents by the designated settlement personnel on the settlement date and settle at the agreed price.

#### VI. Quota

- (I) For recurrent foreign exchange hedging transactions: Financial planners shall select a financial institution with better conditions, and sign a contract with it after petitioning the chairman for approval. The amount and risk of each transaction shall not exceed NT\$ 2,000 thousand, and the contract shall be approved by the chairman.

Accumulated positions below NT\$ 6,000 thousand shall be submitted to the chairman for approval, and those exceeding NT\$ 6,000 thousand shall be submitted to the board of directors for approval.

- (II) Non-hedging transactions: No matter the amount, all trades can only be carried out after being approved by the board of directors.

#### VII. Accounting method

Forward foreign exchange transactions are accounted for in accordance with International Financial Reporting Standards, International Accounting Standards, Explanations and Explanation Announcements approved by the FSC.

#### VIII. Internal control

- (I) Risk management measures
1. Credit risk management: The transaction object shall mainly be banks that have business dealings with the Company.

2. Market price risk management: The financial unit regularly evaluates the market price and pays attention to the possible profit and loss impact of future market price fluctuations on the positions held.
3. Liquidity risk management: In order to ensure liquidity, it is necessary to confirm with the fund personnel before trading that the trading quota will not cause insufficient liquidity.
4. Cash flow risk management: In order to ensure the stability of the Company's working capital turnover, the Company's sources of funds for derivatives trading are limited to its own funds, and when deciding its operating amount, the capital demand of the cash receipts and payments forecast in the next three months should be considered.
5. Operational risk management: The authorized quota and operation process must be strictly observed to avoid operational risks.
6. Legal risk management: Any document signed with bank must be reviewed by the legal department before it is formally signed, so as to avoid legal risks.

(II) Internal control

1. Trading personnel and operators such as confirmation and delivery shall not be the same person.
2. The trading personnel shall deliver the trading vouchers or contracts to the registration personnel for records.
3. Registration personnel should regularly check accounts with the transaction object or register the record.
4. The registration personnel shall establish a memo book in which details of the type of derivative trading, amount, the date of approval by the Board of Directors and relevant matters that should be carefully evaluated shall be included for future reference.
5. The accounting personnel shall be responsible for the measurement, supervision and control of transaction risks, and shall report to the Board on a regular basis.

(III) Regular evaluation

1. The board of directors hereby designates the general manager to pay constant attention to the supervision and control of derivatives trading risks in accordance with the Detailed Rules for the Implementation of Internal Control, and to regularly

assess whether the trading performance conforms to the established business strategy and whether the risks undertaken are within the allowable range.

2. The general manager shall periodically assess whether the current risk management procedures are appropriate and in accordance with these procedures.
3. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to the general manager.
4. When irregular circumstances are found, appropriate measures shall be adopted and a report immediately made to the board of directors by the general manager, and an independent director shall be present at the meeting and express an opinion.
5. The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivative trading in accordance with these Procedures.

IX. Internal audit system

- (I) Subject to the internal audit system, the internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the Procedures for Acquiring or Disposing of Assets for engaging in derivatives trading, analysis the trade cycle, and prepare an audit report. If any material violation is discovered, all members of the audit commission shall be notified in writing.
- (II) In accordance with the provisions of the Guidelines for the Establishment of Internal Control Systems by Public Companies, the audit report and the improvement of abnormal matters referred to in the preceding paragraph shall be reported to the FSC for future reference on time.

Article 13 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

- I. If the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, it shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert

may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

- II. The company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
- III. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

- (I) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (II) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of

directors meeting.

- (III) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors' meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in sub-paragraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions.

- IV. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares of the Company shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- V. The company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
  - (I) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
  - (II) An action, such as a disposal of major assets, that affects the Company's financial operations.
  - (III) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  - (IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

- (V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - (VI) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- VI. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the Company, and shall also record the following:
- (I) Handling of breach of contract.
  - (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  - (III) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  - (IV) The manner of handling changes in the number of participating entities or companies.
  - (V) Preliminary progress schedule for plan execution, and anticipated completion date.
  - (VI) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- VII. After public disclosure of the information, if the Company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer of other company, the Company shall carry out a new procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and the shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, the Company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- VIII. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of III, IV and VII of this Article.

Article 14 Procedures for Public Disclosure of Information

- I. The company acquiring or disposing of assets shall publicly announce and

report the relevant information on the FSC's designated report website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

- (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$ 300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- (IV) Where asset type belonging to equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
  - 1. The paid-in capital is less than NT\$ 10 billion, the transaction amount reaches NT\$ 500 million or more.
  - 2. The paid-in capital is NT\$ 10 billion or more, the transaction amount reaches NT\$ 1 billion or more.
- (V) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$ 500 million. (Based on the amount planned to be invested by the Company)
- (VI) Where an asset transaction other than any of those referred to in (1) to (5) above, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$ 300 million; provided, this shall not apply to the following circumstances:
  - 1. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of

Taiwan.

2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. The amount of transactions above shall be calculated as follows:
    - (I) The amount of any individual transaction.
    - (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
    - (III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
    - (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
  - III. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
  - IV. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
  - V. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
  - VI. If the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.
  - VII. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported as required, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

- (I) Change, termination, or rescission of a contract signed in regard to the original transaction.
- (II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- (III) Change to the originally publicly announced and reported information.

Article 15 Control procedures for the acquisition and disposal of assets by subsidiaries:

- I. The subsidiaries shall also formulate and implement the Procedures for Acquiring or Disposing of Assets subject to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The acquisition or disposal of assets by subsidiaries of the Company shall be handled in accordance with the internal control system and relevant procedures prescribed by each subsidiary, and shall report to the Company in writing the single or accumulated transaction amount of the same nature acquired or disposed of assets in the previous month before the 5th day of each month. The Company's audit unit shall audit the acquisition or disposal of assets by subsidiaries quarterly, and the audit status shall also be included as a necessary item for reporting the audit business to the Board of Directors and members of the Audit Committee.
- II. For assets acquired or disposed of by a subsidiary of the Company, which is not a public company, the Company shall do so if the disclosure of such assets is required under the preceding paragraph.

For subsidiaries referred to in the preceding paragraph subjecting to the provisions on paid-in capital or total assets of the Company as set out in Article 14, paragraph 1, of the Announcement Reporting Standard, the paid-in capital or total assets of the Company shall prevail.

Article 16 The Company may, depending on the seriousness of the case, impose warnings, demerits, demotions, suspensions, salary reductions or other sanctions on the personnel who violate the procedures and the relevant laws and regulations, and take them as internal review matters.

Article 17 Matters not covered in this procedure shall be handled in accordance with relevant laws and regulations of the Company. Should the competent authority amend the Procedures for Acquisition or Disposal of Assets, the Company shall comply with the provisions of its new order.

Article 18 This procedure shall be approved by more than half of all members of the audit committee, be submitted to the board of directors for approval, and then submitted to the shareholders' meeting for approval before implementation, and the same applies to amendments.

When the Procedures for Acquiring or Disposing of Assets is submitted for

discussion by the board of directors according to the above regulations, the Company shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If the procedure under the paragraph 1 is not approved by more than half of all members of the audit committee, it may be carried out with the consent of more than two-thirds of all the directors, and the resolution of the audit committee shall be stated in the minutes of the board of directors.

All the members of the audit committee referred to in paragraph 3 and all the directors referred to in the preceding paragraph shall be counted as those who are actually in office.

Article 19 Where the Company's acquisition or disposal of assets is approved by the Board of Directors in accordance with the prescribed procedures, approval authority or other legal provisions, the opinions of independent directors shall be fully considered, and any objections or reservations of independent directors shall be stated in the minutes of the Board of Directors.

For material transactions of assets or derivative commodities of the Company, the approval of more than one-half of all members of the Audit Committee and the resolution of the Board of Directors shall apply to the provisions of paragraphs 3 and 4 of Article 18 of the Procedures.

Article 20 The 10 percent total assets requirement of this procedure shall be calculated based on the total assets in the latest individual or separate financial report as stipulated in the Financial Reporting Standards for Securities Issuers.

[Annex V]

## CASwell, Inc.

### Impacts of Stock Grants on Business Performance, EPS and ROI

This does not apply, because the Company issued no stock grant in 2023.

[Annex VI]

## CASwell, Inc.

### Other Supplementary Information

Description on Handling Shareholders' Proposals and Nominations at the 2023 Regular Shareholders' Meeting:

- I. Pursuant to Article 172-1, Article 192-1 of the Company Act, a shareholder holding 1% or more of the total number of issued shares may submit to the Company a written proposal and a list of candidates of directors (including independent directors) for nomination at a regular shareholders meeting.
- II. The Company, in accordance with the law, announced on the MOPS that it would accept proposals and nominations raised from April 7, 2023 to April 17, 2023 (registered mail is subject to arrival) by shareholders for this regular shareholders meeting. During the period, the Company did not receive any shareholder proposals or nominations.

[Annex VII]

**CASwell, Inc.**  
**Shareholding of Directors**

Date: April 16, 2023

Position	Name	Number of Shares Held
Chairman	Ennoconn Corporation Legal Representative: Steve Chu	20,000,000
Director	Ennoconn Corporation Legal Representative: Aven Lou	20,000,000
Director	Ennoconn Corporation Legal Representative: Nelson Tsay	20,000,000
Director	Reaforl Hung	115,446
Independent Director	Jennifer Shao	0
Independent Director	James Huang	0
Independent Director	Benny Wang	0
Total		20,115,446

Note:

1. Total shares issued as of April 16, 2023: 73,348,460 shares of common stock.
2. 5,867,876 shares were statutory shares held by all directors.