

The Company's Intellectual Property Management Plan and Its Implementation

1. Foreword

Pursuant to Article 37-2 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Item 2.27 of the “Corporate Governance Evaluation Indicators”, the Company has developed an intellectual property management plan from 2020 that is linked to our operation strategy, and conducted intellectual property research and development through the implementation of five dimensions including the establishment of policy objectives, establishment of a management system, provision and maintenance of resources, assessment of risk opportunities, and continuous improvement mechanisms. These strategies have improved our intellectual property management plan to ensure that the management system established not only effectively responds to internal and external opportunities and risks, fully protects and utilizes the Company's research and development achievements, reduces operating costs and damages, but also helps to enhance the Company's competitiveness. The intellectual property management plan formulated by the Company and its implementation are regularly reported to the Board of Directors each year.

2. Intellectual Property Management Plan for 2024

The Company's 2024 Intellectual Property Management Plan was reported to the 7th meeting of the Tenth Board of Directors on November 8, 2023, and its contents are as follows:

(1) Intellectual Property Management Policy

Aligning with the core strategies of our company's five-year medium to long-term plan for the years 2023 to 2027, the Company's business strategies and various business objectives are constructed based upon the 4Ts, namely, Transportation, Technology, Taiwan and Touch, among which “Technology” and “Taiwan” have been selected as the

Company's intellectual property management policy.

(2) Intellectual Property Management Objective

Based on the above two management policies, the Company has accordingly developed the following three intellectual property management objectives:

- 1) The completion rate of department's business development and innovation projects during the year to reach 80%; and
- 2) Continue to obtain the certification of Taiwan Intellectual Property Management System (TIPS) level A qualification and expand the number of units that introduce the said certification; and
- 3) Proper control of the company's media audio, video and image management mechanism through the media platform.

(3) Potential intellectual property risks and countermeasures

In order to ensure the effective achievement of intellectual property management goals, the Company identified the following internal and external issues and possible risks, as well as opportunities related to intellectual property management according to the Company's operating conditions, and formulates various response measures including construction of intellectual property management system for the implementation.

Stakeholder	External/Internal Issues	Solutions	Risk or Opportunity	Policy	Objectives
Employees	Law changes Technology development	① Implement the company's intellectual property management system and promote the concept of intellectual property management through regular intellectual property representative meetings and	Risk/ Opportunity	Taiwan	✓ Continue to obtain the certification of Taiwan Intellectual Property Management System (TIPS) level A qualification and expand the number of units that introduce the said certification.

Stakeholder	External/Internal Issues	Solutions	Risk or Opportunity	Policy	Objectives
		educational training ② Confirm management effectiveness through internal audit.			✓ Proper control of the company's media audio, video and image management mechanism through the media platform.
Investors (shareholder)	Law changes Social environment	① Apply for certification in accordance with Article 37-2 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Item 2.27 of the "Corporate Governance Evaluation Indicators". ② Strengthen the company's intellectual property management and confirm management effectiveness through internal audits.	Risk/ Opportunity	Taiwan	✓ Continue to obtain the certification of Taiwan Intellectual Property Management System (TIPS) level A qualification and expand the number of units that introduce the said certification.
Suppliers (Original manufacturer)	Law changes Technology development Rail industry	① Reduce R&D costs and dependence on original manufacturers through collaborative R&D. ② Strengthen the company's intellectual property management, ensure effectiveness through internal audits, and protect the company's research and development results.	Risk/ Opportunity	Technology, Taiwan	✓ The completion rate of department's business development and innovation projects during the year to reach 80%. ✓ Continue to obtain the certification of Taiwan Intellectual Property Management System (TIPS) level A qualification and expand the number of units

Stakeholder	External/Internal Issues	Solutions	Risk or Opportunity	Policy	Objectives
					that introduce the said certification.
Competent authority	Law changes social environment	① Cooperate with the Railway Authority to promote the policy of developing local technical capability in the rail industry. ② Reduce R&D costs and dependence on original manufacturers through collaborative R&D.	Risk/ Opportunity	Technology, Taiwan	✓ The completion rate of department's business development and innovation projects during the year to reach 80%.

(4) Identify and provide the necessary resources to ensure implementation and maintenance of the intellectual property management system

1) Related costs for investing in intellectual property management operations

In year 2024, the Company has approved a budget totaling approximately NT\$1,837,000 for the Company's intellectual property management related expenses including trademark and patent application and maintenance fees, law firm research fees, as well as education and training fees.

2) Manpower allocation for intellectual property management

I. The head of the legal office of the company serves as the intellectual property management representative and is responsible for the promotion of the intellectual property management plan. One full-time staff member and two part-time staff from the legal office are assigned to assist in the implementation of matters related to the intellectual property management system, and submit the annual implementation results to the Board of Directors.

- II. Relevant units have assigned a total of 13 people who are familiar with the intellectual property management system to serve as intellectual property representatives. These representatives will jointly track the implementation of the annual intellectual property management plan through the intellectual property representative meetings held every quarter.
- III. Five colleagues have been trained to receive the Intellectual Property Management Training (Level A) course of the Institute of Intellectual Property and obtained self-evaluator qualifications to assist in the internal audit and TIPS verification of the intellectual property management system. It is expected that two more colleagues will be sent to receive the 2024 Intellectual Property Management Training (A-Level) course of the Information Strategy Association.

(5) Plan for and implement a continuous improvement mechanism

- 1) The Legal Office holds a meeting of intellectual property representatives every quarter to conduct tracking on the implementation of the annual intellectual property management plan.
- 2) The Legal Office formulates an annual internal audit plan every year and implements the said audit plan in accordance with the procedures of the “Management System Internal Audit Measures” as a reference for confirming the effectiveness and continuous improvement of the intellectual property management system.
- 3) If there are non-conformities or remarks found in external verification process, the Legal Office will report them to the Intellectual Property Representative Meeting to regularly track the results of corrective improvement measures and review their effectiveness.
- 4) The Legal Office reports to the management review meeting every year on the interim implementation of the current year’s plan, and evaluates whether there is a need to revise/improve/enhance intellectual property management policy objectives,

efficiency processes or efficiency improvement measures.

- 5) Implement improvement measures for the intellectual property management plans as required by the Board of Directors.

3. Implementation status of the Intellectual Property Management Plan for 2024

The implementation of the Company's 2024 Intellectual Property Management Plan was submitted to the 19th meeting of the Tenth Board of Directors for a report on November 6, 2024, and its contents are as follows:

(1) Implementation status of the Intellectual Property Management Objectives

- 1) The completion rate of department's business development and innovation projects during the year reached 80% :
 - I. Each department has implemented a total of 4 projects related to R&D and all of them have been accomplished.
 - II. Intellectual Property inventory control (as of November 30, 2024) :
 - Patent : A total of 64 patents (including 25 invention patents and 39 utility model patents) ;
 - Trademark : A total of 168 trademarks have been accumulated in the past, one trademark application related to electronic shopping malls has been filed.
- 2) Continue to obtain the certification of Taiwan Intellectual Property Management System (TIPS) level A qualification and expand the number of units that introduce the said certification :
 - I. Since year 2021, the Company has introduced Taiwan Intellectual Property Management System for verification of its patents and trademarks, and has for the first time passed the TIPS level A verification.
 - II. In order to maintain the validity of such qualification, the Company applied for the TIPS level A verification again in August 2024, and successfully passed the

verification. The validity period will last until December 31, 2026.

- 3) Proper control of the company's media audio, video and image management mechanism through the media platforms.

After tracking the maintenance, data upload, verification and use of the company's audio and video system, it was confirmed that the audio and video management mechanism has been implemented in accordance with the "Regulations for Archiving and Utilizing THSRC Audiovisual Materials".

- (2) Identify and provide the necessary resources to ensure implementation and maintenance of the intellectual property management system

In 2024, 2 colleagues were sent to receive the 2024 Intellectual Property Management Training (Level A) course of the Information Strategy Association and successfully obtained the self-evaluator qualifications. There are currently 7 self-evaluators in total.

- (3) Implementation of a continuous improvement mechanism

- 1) The Legal Office held quarterly intellectual property representative meetings as scheduled in January, April, July and October 2024 to manage and track the implementation of the annual intellectual property plan.
- 2) The 3 minor non-conformities discovered during the TIPS external verification conducted in 2021 have all been corrected in 2022.
- 3) Internal audits were conducted in 2024, and no non-compliance was found.
- 4) The annual intellectual property management review meeting was held on July 23, 2024. The management representative reported on the interim implementation of the plan for the year. It was agreed at this meeting that the review results would be submitted to the Board of Directors.

- (4) Overall benefits

- 1) Contribute to product revenue and profit amount:

Statistics on the Company's intellectual property licensing income from the first to

third quarter of 2024 include : Licensing revenues for products with own trademarks (trademark licensing for train model series) are NT\$290,844, and Licensing revenues for co-branding products are NT\$2,101,838, and Other licensing revenues (videos and print media) : NT\$156,500.

2) Improving the quality of intellectual property applications:

During the writing and review process of patent application cases, intellectual property representatives from relevant units have assisted in control and conducted through review. All intellectual property application cases (5 cases) in the company between 2023 and 2024 years have been reviewed, and the quality of intellectual property applications has also improved.

(5) Conclusion

The company's intellectual property management plan is in line with its policy and objectives. There are no major requirements for correction, and the existing management system is adequate.