Stock Code
2459

AUDIX CORPORATION
2024 Annual Report

Printed Date：April 15, 2025

Annual Report is available at

Company Website: http://www.audix.com

Market Observation Post System: http://mops.twse.com.tw

I. The name, title, telephone number, and e-mail of the Company's spokesperson and acting spokesperson:

Spokesperson
Name: Chen, Liang-Teh
Title: Executive Vice President, Operation Management Division
Tel: (886)28797-6688
E-mail: dani_chen@audix.com

Acting spokesperson
Name: Su, Wen-Yang
Title: Assistant General Manager, Operation Management Division
Tel: (886)28797-6688
E-mail: vincent_su@audix.com

II. Address and telephone of the head office, branches and plants:

Address of the head office: No.8, Ln.120, Sec.1, Neihu Rd., Taipei City, Taiwan (R.O.C.)
Tel: (886)28797-6688

III. Name, address, website, and telephone number of the stock transfer agency:

Name: Mega Securities Co., Ltd.
Address: 1F, No.95, Sec.2, Zhongxiao E. Rd., Taipei City, Taiwan (R.O.C.)
Website: http://www.emega.com.tw
Tel: (886)23393-0898

IV. Name of the CPA and name, address, website, and telephone number of the accounting firm for financial statements in the most recent year:

Name of CPA: Yu, Chien-Ju, CPA; Hsu, Hsin-Min, CPA
Accounting firm name: Ernst & Young Taiwan
Address: 9F. , No.333, Sec. 1, Keelung Rd., Taipei City, Taiwan (R.O.C.)
Website: http://www.ey.com
Tel: (886)22757-8888

V. Name of overseas stock exchange and method for accessing information on overseas negotiable securities:

None

VI. Company website: http://www.audix.com

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Chapter 1. Letter to Shareholders

Dear shareholders,

The Group's consolidated net operating revenues in 2024 was NT$5,168,773 thousand, a decrease of 30.34% compared with the consolidated net operating revenues of NT$7,420,156 thousand in 2023; the income before income tax in 2024 was NT$971,909 thousand, an increase of 4.45% compared with the income before income tax of NT$930,496 thousand in 2023. The global economy gradually recovered in 2024, with rapid development in AI. However, due to the monetary policies of various countries, the US–China conflict, and geopolitical tensions, the economy remains under pressure. The Group is taking a proactive approach in responding to various challenges. Although the decline in revenue from Optical Pickup (OPU) Head products, which are entering the end of their life cycle (EOL), has been significant, the overall profit remains limited due to the lower gross profit margin of OPU products. Driven by the high-margin products, the Group's gross margin and operating margin both increased in 2024 and set a new record. Looking forward, through the active deployment in various popular industries such as materials, voice coil motors, Wi-Fi 6E/7, and AI servers, the Group will continue to strengthen its leading capabilities to provide customers with high value-added services, and thereby lay the foundation for corporate sustainability.

The Group's 2024 Business Report and 2025 Business Plan summary report are as shown below:

I. The 2024 Business Report

(I) Implementation Results of the 2024 Business plan

Unit: NT$ thousand; %

Item	2024	2023	Increase (decrease) in amount	Increase (decrease) in percentage
Operating revenues	5,168,773	7,420,156	(2,251,383)	(30.34)
Operating costs	3,697,810	5,967,538	(2,269,728)	(38.03)
Gross profits	1,470,963	1,452,618	18,345	1.26
Operating expenses	705,787	722,676	(16,889)	(2.34)
Operating income	765,176	729,942	35,234	4.83
Income before income tax	971,909	930,496	41,413	4.45

(II) Budget execution: not applicable.

(III) Financial income and expenditure and profitability analysis

Item		2024	2023
Capital structure	Debt ratio (%)	37.32	43.53
	Long-term fund to property, plant and equipment ratio (%)	546.34	498.43
Liquidity	Current ratio (%)	266.11	210.59
	Quick ratio (%)	244.42	190.02
Profitability	Return on total assets (%)	6.33	6.35
	Return on equity (%)	9.82	10.69
	Net margin (%)	11.14	8.12
	Basic earnings per share (NT$)	5.32	5.46

(IV) Research and development status

The main areas of research and development (R&D) are relay, transformer and coil, stamping parts, components and module assembly, plastic injection molding parts (VCM, CONNECTOR, etc.), molds, and automated equipment R&D, design and manufacturing.

II. 2025 Business Plan

(I) Operating Policy:

The Group will focus its resources on products with high growth in demand and wide applications, and will strive to introduce, produce, sell and build integrated solutions for related major components, and accelerate the improvement of production capacity of the manufacturing department to meet customer needs, as well as continuing to seek new component introduction and sales from partner companies and outsourcing companies.

(II) Operating Objectives:

The Group's components are used in the lighting, household appliances, broadband wireless access, automotive electronics, industrial control, medical industry, IoT and optical communication industries, etc. As the industry evolves, the Group continue to introduce high value-added product lines and cooperate with platform suppliers to provide more complete solutions to customers and expand our services to customers in order to increase our revenue.

(III) Important production and sales policies.

1. For Channel Sales

(1) Networking Industry

The main applications in 5G cell are high-frequency magnetic components and signal reception steering motors. We are also an agent of a communication computing module for 4G/5G, automotive networking, and robotics applications.

(2) Display Industry

Dedicated to industrial, automotive and consumer application industries. Categorized functionally into RUGGED, MIP, MINI LED, OLED, ESL driver chips and interface conversion chips.

(3) New Energy Application Industry

In response to the market development trend of electric vehicles (EV) and servers, the Company is currently an agent for IGBT, DIODE, SiC (silicon carbide) modules, and high-voltage transformers and gas insulated switches. In terms of heat dissipation, the Company is an agent for silicon nitride (Si_3N_4), alloy materials, and RELAY. In addition, we are also an agent for battery packs, energy storage cabinets, and solar panel cleaning equipment.

(4) Optical industry

For the optical communication market, the Company currently is an agent for non-sphere (100G, 400G) optical communication; for applications such as unmanned vehicles, robots, and video conferencing systems, the Company is also an agent for the Camera Module.

(5) Smart Home Appliance Industry

In response to the advent of artificial intelligence and energy-saving era, various home appliances are actively implementing AI/ECO functions. NIDEC's BRUSHLESS DC MOTOR that we resell is widely used in various home appliances. Such as: electric fans, cross-flow fans, air conditioners, dehumidifiers, air purifiers, washing machines.

(6) Medical Care Industry

In response to the market demand in China, the Company is an agent for SCINTILLATOR, which is widely used in medical computed tomography (CT), and can also be used in security inspection equipment. Micro-motors are widely used in various medical devices, such as water flossers, blood glucose meters, and microscopes, while chips can be used in ultrasound medical equipment; and Color Chart applications in AI image detection.

(7) Electronic material application

The Company acts as the agent of optical plastic film injection molding materials for smartphones, VR, AR, flexible packaging, and composite material applications. Our specificity in thermal products includes TIM materials such as graphene, liquid metal, V/C, thermal paste, thermal gel, and pads. For battery materials, we also sell Solid-State battery materials.

2. For Production and Manufacturing

(1) Self-Developed Products

A. Using the mold, molding, and stamping technologies of Audix Technology (Xiamen) and YUKA Precision (WuJiang), we develop high-end precision plastic parts and metal terminals for the information, communication, consumer electronics, and automotive markets, and for applications such as connectors, relays, voice coil motor modules, mobile device antennas, and hearing aids.

B. We can develop insert molding products independently and further assemble them into Module or Solution Unit products according to customers' needs.

C. We are engaged in the complete mold manufacturing chain, from mold design, processing, mold assembly, and mold test in a seamless way, to provide customers with the fastest and most reliable service.

D. Based on the existing industrial coils and transformers, we are actively developing coils and transformers for network communication, car reversing radar, electric vehicle and lighting markets. At the same time, we also accept customers' requests to develop and manufacture customized products.

E. We conduct R&D for automated production lines for in-vehicle transformers, replacing laborers with machines to reduce labor costs and achieve stable quality.

These include EP6 (ultrasonic sensing drive transformer), tire pressure monitoring system, filter coils for defoggers, instrumentation lighting, common mode inductors for power cords and LED lighting. Especially with the huge domestic automobile market in Mainland China, and with car reversing assist systems and tire pressure monitoring systems becoming standard equipment in automobiles, the Group's outlook for the in-vehicle transformer market is quite optimistic. Currently have 10 EP6 production lines to meet customer orders. Our main customers are the top five car panoramic camera/car reversing radar companies in the world, and our end customers are GM, HYUNDAI, HONDA, VOLKSWAGEN, BYD, Geely, GreatWall, etc.

(2) Products Outsourced by Customers

A. We enhance the competitiveness of products outsourced by customers in terms of cost, quality, and delivery time with the technology of self-developed products in order to obtain more opportunities for outsourcing.

B. We appropriately adjust the products outsourced by customers to enhance profitability.

C. We utilize the automatic production design and manufacturing technology of the equipment engineering department to gradually introduce the automatic production process to improve production capacity and profitability.

D. At present, our outsourcing customers include well-known global companies such as FUJITSU and MOLEX.

(3) Product Design and Development Outsourced by Customers

The Group has been devoted to serving VCM (Voice Coil Motor) customers for a long time, and benefits from the increasing demand for multi-lens smartphones. The primary customers are major VCM (Voice Coil Motor) companies in the world/Mainland China, and our end customers are cell phone brands in Mainland China such as OPPO, VIVO, Xiaomi, HUAWEI, Honor, Lenovo and international brands such as APPLE.

3. For Product Testing and Certification

(1) We continue to expand the electromagnetic compatibility (EMC) testing and certification business for electrical and electronic products.

The scope of EMC control in advanced countries in the world is expanding, and the Bureau of Standards, Metrology and Inspection (BSMI) of Taiwan's Ministry of Economic Affairs (MOEA) is actively promoting the EMC certification system for products. Some developing and undeveloped countries are also introducing EMC certification, and the demand for EMC testing and certification services is expanding due to the continuous innovation of electrical and electronic products. The Group's Product Certification Business Unit has built complete EMC professional testing laboratories in Taiwan & Mainland China with a strong technical management team to provide customers with accurate and fast testing and certification services. The EMC testing building in Linkou was completed and started operations in 2012, which can provide more advanced, more comprehensive, and better quality EMC testing and certification environment for domestic and overseas customers, and we continued to build more EMC Chambers to meet the increasing testing demand and help customers to shorten the time to market.

(2) We continue to expand the product safety testing and certification business of electrical and electronic products

Safety in the use of electrical and electronic products is vital to the lives and property of users, and countries around the world have set product safety technical indicators for the characteristics of their domestic use environment. The Group's Product Certification Business Unit has laboratories accredited by BSMI, MOEA of Taiwan ROC, UL of the U.S., CSA of Canada, TUV Rheinland of the E.U., Nemko of Norway, CNAS of China, JQA of Japan, etc., which are also CBTL laboratories accredited by IECEE and can help customers to obtain safety standard certification from various countries quickly and shorten the time to market. The laboratories in Taiwan and Mainland China have also been accredited by S-JQA, PSE, and CBTL, making them to become the only Japan JQA-accredited laboratories in Taiwan & Mainland China, providing localized testing and certification services for domestic and foreign companies seeking outsourcing business opportunities from Japanese customers. In 2012, the Group's Shenzhen laboratory got accreditation by China CQC as a CBTL laboratory in Mainland China, which can conduct CB testing and issue reports. In 2021, the Shenzhen laboratory got China CNCA accreditation as a CCC testing laboratory and can conduct China Compulsory Certification Mark testing & reports, which will help domestic enterprises to obtain domestic and international safety standard certification quickly and shorten the time to market and expand business opportunities.

(3) We continue to develop integrated automatic EMC & RF testing software

The EMC testing software developed by the Group's Product Certification Business Unit is in a leading position in Taiwan and exported to major companies and laboratories in Korea and Mainland China. As the test software needs to be updated year by year compliance with the international standards, major manufacturers also need to purchase professional test software for their internal R&D needs or for their own testing needs for product quality improvement, and the market is growing steadily. In response to the demand for mandatory testing of digital TV performance in the E.U., the Group's Product Certification Business Unit has successfully developed a digital TV performance testing system that has been approved by the Taiwan Accreditation Foundation (TAF) and has been granted a patent in the Republic of China to protect the Group's expertise and prove that it meets international testing system standards. In addition, the Group's Product Certification Business Unit has developed the "electric field simulation three-board line field interference automatic test system" and the "mobile communication anti-suit police system" for 5G NR communications, "multi-antenna RF power analysis and measurement device," "wireless network traffic test device," "selective receiver test device" and the "Wi-Fi 6E direct and competitive protocol test device" in response to the recent development of new industries such as electric vehicles and 5G NR wireless communication. In addition to obtaining the patents in the Republic of China, the products have been successfully sold to domestic testing laboratories. The Group's Product Certification Business Unit will continue to actively pursue R&D of functional testing software and system environment requirements related to new areas.

(4) Testing Environment Engineering Services

With the continuing launches of new electrical and electronic products, customers need to set up their own testing laboratories for R&D purposes or to meet the time to market of their products or to ensure the quality of their products from mass production. The Group's Product Certification Business Unit has been working in this area for many years, and with self-developed integrated testing software to provide customers with one-stop technical services, it has established a certain market position and quality image in the industry. In addition, as Mainland China has become the world's factory, major international companies have moved in, and with strong domestic demand and the active promotion of the CCC certification system in Mainland China, the demand for national testing units and enterprises to establish their own testing environment is the driving force behind the growth of the Group's Product Certification Business Unit in this area.

(5) We actively enter into energy-saving and environmental protection technology services

The global awareness of environmental protection is on the rise and the demand for energy saving and carbon reduction is soaring. For example, the U.S. Environmental Protection Agency has required that products such as computers, televisions, and photocopiers must obtain EPA certification starting in 2011. Taiwan's Environmental Protection Administration's Environmental Label and the Bureau of Energy's Energy Label also regulate products in this area, and the E.U., Mainland China, Japan, Korea, and Australia also have similar requirements, indicating the development of the green energy industry cannot be ignored. The Group's Product Certification Business Unit has been accredited by the U.S. Environmental Protection Agency as an EPA laboratory, and also accredited by the California Energy Commission's CEC. At the same time, the Group has undertaken a research project by the Industrial Technology Research Institute (ITRI) to conduct testing and data collection for energy-saving products selling in Taiwan, and has assumed corporate social responsibility for setting energy-saving standards for products in Taiwan. In addition, the Group's Product Certification Business Unit has purchased server energy-saving testing software and established energy and water saving testing equipment and capabilities for washing machines and secondary lithium batteries, and invested in the establishment of testing environments for RoHS and REACH. In addition, in view of the increasingly serious issue of air pollution, the Group's Product Certification Business Unit invested in the construction of the first privately operated PM 2.5 dedicated testing laboratory with technologies transferred from Industrial Technology Research Institute(ITRI), which was completed and started operations in 2018. In response to the inspection requirements of the BSMI, MOEA for regulated products subject to inspection, we have obtained the energy efficiency testing qualification of the new version of the standard for electric cookers and storage-type electric water heaters in 2019, and we further acquired the energy efficiency testing qualification of refrigerator products in 2021. In 2024, the Group obtained the laboratory designated for the dehumidifiers. In 2023, the Group's Product Certification Business Unit also obtained the CECP (Chian Energy Conservation Program) testing qualification for the Information Technology Equipment (ITE). In 2024, the Group obtained the CEL (China Energy Label) testing qualification for Computers and Monitors.

(6) The Group's Product Certification Business Unit has established a cell phone Specific Absorption Rate (SAR) testing laboratory, a Fully Anechoic Chamber for wireless communication products, and an antenna test (OTA/CTIA) testing laboratory in the Linkou EMC testing building to promote the wireless testing and certification business of handheld products, and actively develop the global certification channel for wireless communication products. We have successfully completed and gained practical experience in more than 100 countries or regions for international certification. At the same time, the technique service business group's laboratories in Shenzhen, Shanghai and Suzhou Wujiang will also simultaneously expand the testing and certification capabilities of wireless communication products, such as the cell phone Specific Absorption Rate (SAR) testing laboratory, Fully Anechoic Chamber for wireless communication products, and antenna test (OTA/CTIA) testing laboratories, which will help the Group to expand its testing and certification business.

(7) The Group's Product Certification Business Unit has already invested in the high-power three-phase EMC testing capabilities for power supply products in the laboratories in Linkou and Suzhou Wujiang, which can conduct EMC testing and certification for high-power products such as cloud servers and PV systems. In addition, Mainland China has become the world's largest automobile production and sales market, the Group's Product Certification Business Unit will also enter the area of vehicle electronic EMC testing in the coming years, which will be more conducive to the expansion of the Group's testing and certification business.

(8) With the advancement of wireless communication technologies of new generations, IoT is also using 3G/4G (LTE)/5G NR, Wi-Fi, BT, NFC, RF ID, NB-IoT and other wireless transmission technologies for various communication service applications. As such, the Group's Product Certification Business Unit has established complete wireless communication testing laboratories and technologies in Taiwan and South and East China respectively. Starting from the second half of 2019, the Group has introduced the testing capability and certification status of NCC PLMN11 (NB-IoT) specification in Taiwan. In addition, in response to the new wireless communication network technology of 5G NR, the Group has also actively deployed and invested in the procurement of 5G NR related testing equipment and the construction of testing and certification capabilities in 2020. The Linkou laboratory of the Group's Product Certification Business Unit has obtained TAF ISO17025 & ISO17065 accreditation in 2020, and has been able to conduct strict mandatory standard testing and certification of electromagnetic radiation and radio frequency characteristics of 5G NR devices and products operating in the Sub-6GHz and millimeter wave bands (up to 260GHz) since 2021, and also follows the requirements of Taiwan NCC regulations to conduct strict review and certification of testing results. In 2016, the Shenzhen laboratory established the Japanese Telecommunications Business Law & Japan Radio Law (TBL & JRL) testing capabilities, and continued to update and upgrade the hardware and software testing equipment for 5G NR in 2020 and 2021, which can provide complete one-stop testing and certification services for cell phones, tablets and other handheld communication devices sold in Japan. In 2022, we obtained both US FCC and EU CE certifications, and expanded our wireless product testing services. In alignment with the announcement by Taiwan's Ministry of Digital Affairs regarding to the 6GHz band opening program, we applied for Taiwan's NCC Wi-Fi 6E/7 wireless product certification body in 2024, and in response to the emergence of the new Wi-Fi 7 products, we are also launching the US FCC certification services for the emergence of new Wi-Fi 7 products. These initiatives are expected to further drive the growth of our business.

I would like to take this opportunity to express our sincere appreciation for your long-term support and advice. With the efforts of all employees, the Group will uphold the spirit of "Initiative, Integrity, Innovation, Integration" to create further value for the Company and its shareholders.

Yours sincerely,

Chairman: Chung, Yuan-Kai

Chapter 2. Corporate Governance Report

I. Information on Directors & management team

(I) Directors

1. Information on Directors (1)

March 31, 2025

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse and minors		Shares held in the name of others		Major Experience and Education	Selected current positions at the Company and other Companies	Other officer or Director who is the spouse or a relative within the second degree of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	R.O.C.	Chung, Yuan-Kai (Note 1)	Male 51-60	2022.06.17	3 years	2012.06.25	1,988,800	1.88%	2,968,800	2.81%	204,000	0.19%	0	0.00%	Master's Degree in Industrial Engineering, National Tsing Hua University Executive Vice President of the Manufacturing Business Division, Audix Corporation Manager, Asustek Computer Incorporation Deputy Manager, Acer Incorporated Assistant General Manager, Pegatron Corporation	The Company's General Manager Chairman of AHC Warehouse and Trading (Shenzhen), AHI Electronics Warehouse (Shanghai), Audix Technology (Xiamen), Audix Technology (Wujiang), and YUKA Precision (Wujiang) Director of Toyo Kuni Electronics, Audix HI-Tech Investment, Audix Technology (Shenzhen), Audix Technology (Shanghai), and Hongbao Investment Co., Ltd.	Director	Chung, Cheng-Hung Chung, Yuan-Chi	Father and son Brothers
Director	R.O.C.	Chen, Ching-Tsung	Male 61-70	2022.06.17	3 years	1998.04.15	756,722	0.72%	756,722	0.72%	203,670	0.19%	0	0.00%	Department of Economics Engineering, National Chiao Tung University (Renamed National Yang Ming Chiao Tung University in 2021) EMC Engineer of the U.S. NARTE International Certification	Chairman of Audix Technology Co., Audix Technology (Shenzhen), and Audix Technology (Shanghai)	–	–	–
Director	R.O.C.	Chung, Cheng-Huang	Male 81-90	2022.06.17	3 years	1987.06.01	8,512,965	8.06%	7,532,965	7.13%	1,893,559	1.79%	4,851,000	4.59%	Department of Economics, National Taiwan University Chairman, Audix Corporation Chairman, Ryotai Corporation General Manager, Ryotai Corporation Administrator, Taiwan Hitachi Electronics	The Company's President Chairman of Hongbao Investment Co., Ltd. Director of YUKA Precision (Wujiang), and JSJK Holding Co., Ltd.	Chairman Director	Chung, Yuan-Kai Chung, Yuan-Chi	Father and son
Director	R.O.C.	Lo, Chi-Hung	Male 81-90	2022.06.17	3 years	2002.06.10	1,839,793	1.74%	1,715,793	1.62%	1,035,509	0.98%	0	0.00%	Department of Economics, Chinese Culture University Manager, Tah Chung Steel Corp.	–	–	–	–

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse and minors		Shares held in the name of others		Major Experience and Education	Selected current positions at the Company and other Companies	Other officer or Director who is the spouse or a relative within the second degree of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director	R.O.C.	Chung, Yuan-Chi	Male 41–50	2022.06.17	3 years	2013.06.14	1,890,039	1.79%	2,870,039	2.72%	284,000	0.27%	0	0.00%	Master's Degree in Computer Science, National Chiao Tung University (Renamed National Yang Ming Chiao Tung University in 2021) MBA, Baruch College of the City University of New York Assistant VP of Toyo Kuni Electronics, Manager of Audix Corporation	Director of the Investment Business of the Company Director of Toyo Kuni Electronics, AHC Warehouse and Trading (Shenzhen), AHI Electronics Warehouse (Shanghai), Audix HI-Tech Investment, Audix Technology (Wujiang), and YUKA Precision (Wujiang) Supervisor of Audix Technology (Xiamen), and Hongbao Investment Co., Ltd.	Chairman	Chung, Yuan-Kai	Brothers
																	Director	Chung, Cheng-Hung	Father and son
Independent Director	R.O.C.	Lai, Wen-Hsien	Male 71-80	2022.06.17	3 years	2016.06.15	0	0.00%	0	0.00%	60,000	0.06%	0	0.00%	Master's Degree in Economics, National Taiwan University Section Chief, Banking Bureau, FSC Team Leader, Banking Bureau, FSC Vice President, Central Deposit Insurance Corporation	Audit Committee Chair, Audix Corporation Remuneration Committee Chair, Audix Corporation	–	–	–
Independent Director	R.O.C.	Yeh, Sen	Male 71-80	2022.06.17	3 years	2016.06.15	55,000	0.05%	50,000	0.05%	60,000	0.06%	0	0.00%	Department of Business, National Taiwan University General Manager, Dingyuan Dyeing and Finishing Factory Co., Ltd. General Manager, Audix Technology (Xiamen) Co., Ltd.	Audit Committee Member, Audix Corporation Remuneration Committee Member, Audix Corporation	–	–	–
Independent Director	R.O.C.	Tsai, Yang-Cheng	Male 71-80	2022.06.17	3 years	2016.06.15	11,000	0.01%	11,000	0.01%	20,800	0.02%	0	0.00%	Ph.D in Agronomy, National Taiwan University Honorary Professor, National Taiwan University Director of Management Team, NTU Farm Associate Director, NTU Farm Advisory Committee Member, NTU Experimental Forest Director of Academic Team, Agricultural Association of China Managing Supervisor, The Alumni Association of Department of Agronomy, National Taiwan University Passed the Higher Examination of the Examination Yuan Passed the Agronomic technician Examination of the Examination Yuan Member of the Board of Examiners, Ministry of Examination, R.O.C	Audit Committee Member, Audix Corporation Remuneration Committee Member, Audix Corporation	–	–	–

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse and minors		Shares held in the name of others		Major Experience and Education	Selected current positions at the Company and other Companies	Other officer or Director who is the spouse or a relative within the second degree of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Independent Director	R.O.C.	Lai, Ying-Che (Note 2)	Male 81-90	2022.06.17	3 years	2013.06.14	0	0.00%	0	0.00%	100,000	0.09%	0	0.00%	Department of Economics, National Taiwan University Representative in the Territory of the Republic of China, Niigata Seiki Co., Ltd. Taipei Branch (JAPAN)	Audit Committee Member, Audix Corporation Remuneration Committee Member, Audix Corporation	—	—	—

Note 1: Where the Chairman and General Manager or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and counter measures (such as increasing the number of Independent Director seats and more than half of all Directors not concurrently serving as employees or managerial officers):

The Company’s Chairman acts concurrently as the General Manager for the purpose of improving operating efficiency and decision execution so as to attain the best business performance for the Company. For the implementation of corporation governance, he fully communicates business status and strategic direction with all directors. In addition, in order to enhance the independence of the Board of Directors, a majority of directors do not serve as an employee or managerial officer of the Company. Four seats for independent directors have been set up to strengthen the competence of the Board and its function of supervision.

Note 2: Mr. Lai, Ying-Che was elected as the supervisor on June 14, 2013 and resigned from duties on June 13, 2019 when the Company established the Audit Committee. He was elected as an independent director on June 17, 2022.

2. Major shareholders of the corporate shareholders: None.

3. Principal shareholder of corporate shareholders with a juridical person as its major shareholder: None.

4. Information on Directors (2)

(1) Professional qualifications of Directors and independence information disclosure of Independent Directors

Qualifications / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Director			
Chung, Yuan-Kai	Promoted to Executive Vice President in 2016 and accepted the role as General Manager in 2020. In 2022, he took up the greater responsibilities as the Chairman. He is also concurrently the chairman and director of many sales channels, manufacturing and certification companies, such as, as a Chairman for AHC Warehouse and Trading (Shenzhen), AHI Electronics Warehouse (Shanghai), Audix Technology (Xiamen), Audix Technology (Wujiang), and YUKA Precision (Wujiang); and as a Director for Toyo Kuni Electronics, Audix HI-Tech Investment, Audix Technology (Shenzhen), and Audix Technology (Shanghai). He possesses experiences in product management and business management skills.	(5)(6)(8)(9)(11)	0
Chen, Ching-Tsung	He is currently a chairman of many certification companies, such as, as a Chairman for Audix Technology Co., Audix Technology (Shenzhen), and Audix Technology (Shanghai). Qualified for US NARTE EMC engineer certification, and possesses a good network in the certification industry, with a wealth of experiences and technical and business management skills.	(1)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0
Chung, Cheng-Huang	Founder of Audix Corporation. Possesses experience in business establishment and management of listed company, with corporate business management skills. Currently the President of Audix Corporation and Director of YUKA Precision (Wujiang). Familiar web-based channel and the industrial developments of semiconductor components and possesses outstanding leadership and coordinating skills.	(5)(6)(7)(8)(9)(11)	0
Lo, Chi-Hung	Previously served as the Chairman of LIHKONG Company and the Director of WELLBRIGHT METAL INDUSTRIAL CO., LTD. Possesses a wealth of industry experiences, network, and practical experiences in corporate business management.	(1)(2)(4)(5)(6)(7)(8)(9)(10)(11)	0

Qualifications / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Chung, Yuan-Chi	Currently serving as the Finance Director of the Investment Business, Audix Corporation and as director of many sales channels and manufacturing companies, such as, as a Director for Toyo Kuni Electronics, AHC Warehouse and Trading (Shenzhen), AHI Electronics Warehouse (Shanghai), Audix HI-Tech Investment, Audix Technology (Wujiang), and YUKA Precision (Wujiang). Possesses professional skills in finance management, investment evaluation and judgement, operation management and corporate business management.	(5)(6)(7)(8)(9)(11)	0
Independent Director			
Lai, Wen-Hsien	Previously served in key positions as the Finance Section Chief of the Ministry of Finance, Team Leader of the Banking Bureau, Financial Supervisory Commission (FSC), and Vice General Manager of Central Deposit Insurance Corporation. Possesses a rich industry network, with professional background in finance expertise, analytic skills for international economics and industry and finance products, and operation management skill.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0
Yeh, Sen	Previously served in key roles as the General Manager of Dingyuan Dyeing and Finishing Factory Co., Ltd. and Audix Technology (Xiamen). Possesses professional background in finance and accounting and organizational management skills.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0
Tsai, Yang-Cheng	He is an Honorary Professor of the National Taiwan University (NTU), committed to the academic research and educational development of agricultural studies. Previously served in key roles as the managing director, deputy plant manager, committee member, and general affairs supervisor for the NTU agricultural studies organization or association. Possesses agriculture technician qualifications. His rich industrial and academic knowledge is a great addition to the industrial development planning.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0

Qualifications / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Lai, Ying-Che	Previously served as the representative in the Territory of the Republic of China, Niigata Seiki Co., Ltd. Taipei Branch (JAPAN). Possesses rich industrial experience, network, and practical experiences in corporate business management.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0

Note 1: Directors and Independent Directors above do not have any of the situations set forth in Article 30 of the Company Act.

Note 2: Independence:

(1) Not an employee of the Company or any of its affiliates.

(2) Not serving as a Director or Supervisor of the Company or any of its affiliates (not applicable to Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not a manager in (1) or not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of personnel in (2) and (3).

(5) Not a Director, Supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a Director or Supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (not applicable to Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(6) If a majority of the Company's Director seats or voting shares and those of any other company are controlled by the same person: not a Director, Supervisor, or employee of that other company (not applicable to Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(7) If the Chairman, General Manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a Director (or Governor), Supervisor, or employee of that other company or institution (not applicable to Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a Director, Supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (not applicable specific company or institution that holds more than 20% but less than 50% of the total number of issued shares of the Company and Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual who, or an owner, partner, Director, Supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other Director of the Company.

(11) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.

(2) The diversity and independence of the Board of Directors

A. Diversity of the Board of Directors

The Company has already established the diverse policies under Article 20 of the Corporate Governance Best Practice Principles on the operation, operation model and development needs of the board member composition, including but not limited to the following standards for the two major aspects:

a. Basic requirements and values: Gender, age, nationality and culture.
b. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing technology), professional skills, and industrial experiences.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

a. Ability to make operational judgments.
b. Ability to perform accounting and financial analysis.
c. Ability to conduct management administration.
d. Ability to perform crisis management.
e. Knowledge of the industry.
f. An international market perspective.
g. Ability to lead.
h. Ability to make policy decisions.

On the practice for gender equality in the composition of the board members, it is a goal to increase female directors in the board. In the next re-election of the directors, it is expected to have two female director elected to accomplish the goal.

Implementation status of the diversity policy:

a. Basic composition:

Diversity items / Names of directors	Nationality	Gender	With employee identity	Age (years)			Number of years served as independent director	
				60 and below	61-70	70 and above	Below 9 years	Over 9 years
Chung, Yuan-Kai	Taiwan (R.O.C.)	Male	✓	✓				
Chen, Ching-Tsung	Taiwan (R.O.C.)	Male			✓			
Chung, Cheng-Huang	Taiwan (R.O.C.)	Male	✓			✓		
Lo, Chi-Hung	Taiwan (R.O.C.)	Male				✓		
Chung, Yuan-Chi	Taiwan (R.O.C.)	Male	✓	✓				
Lai, Wen-Hsien	Taiwan (R.O.C.)	Male				✓	✓	
Yeh Sen	Taiwan (R.O.C.)	Male				✓	✓	
Tsai, Yang-Cheng	Taiwan (R.O.C.)	Male				✓	✓	
Lai, Ying-Che	Taiwan (R.O.C.)	Male				✓	✓	

b. professional background, professional knowledge and skills:

Diverse core items / Names of directors	Business judgment	Accounting, finance and law	Business management	Crisis management	Industry knowledge	International market perspective	Leadership	Strategic decisions
Chung, Yuan-Kai	✓		✓	✓	✓	✓	✓	✓
Chen, Ching-Tsung	✓		✓	✓	✓	✓	✓	✓
Chung, Cheng-Huang	✓		✓	✓	✓	✓	✓	✓
Lo, Chi-Hung	✓		✓	✓	✓	✓	✓	✓
Chung, Yuan-Chi		✓	✓	✓		✓	✓	✓
Lai, Wen-Hsien		✓	✓	✓	✓	✓		✓
Yeh, Sen		✓	✓	✓		✓		✓
Tsai, Yang-Cheng				✓	✓	✓		✓
Lai, Ying-Che	✓		✓	✓	✓	✓	✓	✓

c. If the number of female directors currently accounts for less than one-third of the total number of directors, the reason and the corrective action plan shall be stated:
The Company's Board of Directors currently has fewer than one-third female directors. The main reason is that the election of board members is based on professional experience and competence, with gender not being a determining factor. To improve gender diversity on the Board of Directors, the Company will actively seek and consider female candidates with outstanding professional backgrounds in future director elections. The Company will also gradually adjust the gender composition of the Board in accordance with the timeline required by relevant laws and regulations to ensure that female directors ultimately account for one-third of the Board.

B. Independence of the Board of Directors

a. There are nine Directors sitting on the Company's Board of Directors (including four Independent Directors), where the number of Independent Directors consists of 44% of the Board members. These Independent Directors has issued the statement upon their inauguration declaring their compliance with the requirements prescribed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act during the two years before being elected or during the term of office. The Company reviewed the independence of each Independent Director and issued the check list for Independent Directors' qualifications at their inauguration to ensure the compliance with provisions regarding independence.

b. Among the Directors, the Chairman Chung, Yuan-Kai, Director Chung, Cheng-Hung and Director Chung, Yuan-Chi are relatives within the second degree of kinship. The remaining six Directors are not spouses or relatives within the second degree of kinship of each other. Therefore, it complies with Paragraph 3, Article 26-3 of the Securities and Exchange Act.

(II) Information on management team

March 31, 2025

Title	Nationality	Name	Gender	On-board date	Shares held		Shares held by spouse and minors		Shares held in the name of others		Major Experience and Education	Selected current positions at other Companies	Other manager who is the spouse or a relative within the second degree of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman and General Manager	R.O.C.	Chung, Yuan-Kai (Note 1)	Male	2012.06.25	2,968,800	2.81%	204,000	0.19%	0	0.00%	Master's Degree in Industrial Engineering, National Tsing Hua University Executive Vice President of the Manufacturing Business Division, Audix Corporation Manager, Asustek Computer Incorporation Deputy Manager, Acer Incorporated Assistant General Manager, Pegatron Corporation	Chairman of AHC Warehouse and Trading (Shenzhen), AHI Electronics Warehouse (Shanghai), Audix Technology (Xiamen), Audix Technology (Wujiang), and YUKA Precision (Wujiang) Director of Toyo Kuni Electronics, Audix HI-Tech Investment, Audix Technology (Shenzhen), Audix Technology (Shanghai), and Hongbao Investment Co., Ltd.	–	–	–
Operation Management Division Executive Vice President	R.O.C.	Chen, Liang-Teh	Male	2007.02.01	92,000	0.09%	32,000	0.03%	0	0.00%	Department of Accounting, Tunghai University Manager, Deloitte Taiwan Vice President, Audix Corporation	Director of Audix Technology (Xiamen) Supervisor of Audix Technology Co., and WAVEGIS TECHNOLOGY CO., LTD.	–	–	–
Channel Business Division Executive Vice President	R.O.C.	Lin, Yi-Chao	Male	2010.02.01	8,800	0.01%	0	0.00%	0	0.00%	Department of Japanese, Soochow University Vice President, Audix Corporation	Director of Toyo Kuni Electronics, AHC Warehouse and Trading (Shenzhen), and WAVEGIS TECHNOLOGY CO., LTD. Supervisor of AHI Electronics Warehouse (Shanghai)	–	–	–
Channel Business Division Vice President	R.O.C.	Wu, Jung-Te	Male	2007.02.01	5,132	0.00%	513	0.00%	0	0.00%	Department of Electrical Engineering, Lunghwa Junior College of Industry (Renamed Lunghwa University of Science and Technology in 2001) Assistant General Manager, Audix Corporation	Supervisor of AHC Warehouse and Trading (Shenzhen)	–	–	–

Title	Nationality	Name	Gender	On-board date	Shares held		Shares held by spouse and minors		Shares held in the name of others		Major Experience and Education	Selected current positions at other Companies	Other manager who is the spouse or a relative within the second degree of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Operation Management Division Assistant General Manager	R.O.C.	Wang, Chia-Hsin	Male	2007.05.01	4	0.00%	0	0.00%	0	0.00%	Department of Public Finance and Taxation, Tamsui Junior College of Business Administration (Renamed Aletheia University in 1999) Manager, Audix Corporation	Director of YUKA Precision (Wujiang)	–	–	–
Manufacturing Business Division Assistant General Manager	R.O.C.	Huang, Shih-Tsun	Male	2018.02.08	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Mechanical Engineering, Chung Yuan Christian University Manager, Audix Corporation	–	–	–	–
Operation Management Division Assistant General Manager and Corporate Governance Officer	R.O.C.	Su, Wen-Yang (Note 2)	Male	2020.07.31	20,000	0.02%	0	0.00%	0	0.00%	Department of Accounting, Tamkang University Deputy Manager, Deloitte Taiwan Internal Auditing Officer, Cipherlab Co., Ltd. Manager, Audix Corporation	–	–	–	–

Note 1: Where the General Manager or equivalent position (highest level managerial officer) and the Chairman is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and counter measures (such as increasing the number of Independent Director seats and more than half of all Directors not concurrently serving as employees or managerial officers):

The Company's Chairman acts concurrently as the General Manager for the purpose of improving operating efficiency and decision execution so as to attain the best business performance for the Company. For the implementation of corporation governance, he fully communicates business status and strategic direction with all directors. In addition, in order to enhance the independence of the Board of Directors, a majority of directors do not serve as an employee or managerial officer of the Company. Four seats for independent directors have been set up to strengthen the competence of the Board and its function of supervision.

Note 2: Su, Wen-Yang was promoted to Assistant General Manager on 2025.1.17.

(III) Remuneration paid to Directors, the General Manager and Vice Presidents in the most recent year

1. Remuneration paid to Directors and Independent Directors

Unit: NT$ thousand

Title	Name	Director's remuneration								Sum of A, B, C and D and the sum as a % of net income		Compensation earned by a Director who is an employee of AUDIX or of AUDIX's consolidated entities								Sum of A, B, C, D, E, F and G and the sum as a % of net income		Compensation paid to Directors from non-consolidated affiliates or parent company
		Base compensation (A)		Retirement allowance (B)		Compensation to Directors (C)		Business execution expense (D)				Salary, bonus and special allowance etc. (E)		Retirement allowance (F)		Employee's profit sharing bonus (G)						
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
																Cash	Stock	Cash	Stock			
	Chung, Yuan-Kai					700	700	25	25	725 0.13%	725 0.13%	3,140	3,140			1,100		1,100		4,965 0.88%	4,965 0.88%	
	Chen, Ching-Tsung					1,200	1,200	20	20	1,220 0.21%	1,220 0.21%	500	3,250			1,200		1,200		2,920 0.52%	5,670 1.01%	
Director	Chung, Cheng-Huang	0	0	0	0	200	200	25	25	225 0.04%	225 0.04%	2,300	2,300	0	0	500	0	500	0	3,025 0.54%	3,025 0.54%	–
	Lo, Chi-Hung					700	700	25	25	725 0.13%	725 0.13%	0	0			0		0		725 0.13%	725 0.13%	
	Chung, Yuan-Chi					700	700	25	25	725 0.13%	725 0.13%	2,146	2,146			550		550		3,421 0.61%	3,421 0.61%	
	Lai, Wen-Hsien					700	700	25	25	725 0.13%	725 0.13%									725 0.13%	725 0.13%	
Independent Director	Yeh, Sen	0	0	0	0	700	700	25	25	725 0.13%	725 0.13%	0	0	0	0	0	0	0	0	725 0.13%	725 0.13%	–
	Tsai, Yang-Cheng					700	700	20	20	720 0.13%	720 0.13%									720 0.13%	720 0.13%	
	Lai, Ying-Che					700	700	25	25	725 0.13%	725 0.13%									725 0.13%	725 0.13%	

1. Please state the policies, systems, standards, and structure of remuneration to Independent Directors, and the relations between the remuneration and the job responsibility, risk and engagement hours borne by the Independent Directors:
   The Company's Independent Directors' remuneration was set in accordance with Article 23 of the Company's Articles of Incorporation and Article 7 of the Articles of Association of the Remuneration Committee. Their remuneration was reviewed by the Remuneration Committee based on their degree of involvement in the Company's operation, contribution and standard payment made by industry peers, taking the Company's business performance, associated future risk, reasonableness and fairness into account, and submitted to the Board of Directors' Meeting for resolution.
2. In addition to disclosed above, compensation paid to Directors for services provided, such as advisory service provided not as an employee to parent company/companies included in the financial statements/investees under the parent company: None.

Range of remuneration for Directors

Range of remuneration paid to directors	Names of directors			
	Summation of the first 4 items (A+B+C+D)		Summation of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Less than NT$1,000,000	Chung, Yuan-Kai; Chen, Ching-Tsung; Chung, Cheng-Huang; Lo, Chi-Hung; Chung, Yuan-Chi; Lai, Wen-Hsien; Yeh, Sen; Tsai, Yang-Cheng; Lai, Ying-Che	Chung, Yuan-Kai; Chen, Ching-Tsung; Chung, Cheng-Huang; Lo, Chi-Hung; Chung, Yuan-Chi; Lai, Wen-Hsien; Yeh, Sen; Tsai, Yang-Cheng; Lai, Ying-Che	Lo, Chi-Hung; Lai, Wen-Hsien; Yeh, Sen; Tsai, Yang-Cheng; Lai, Ying-Che	Lo, Chi-Hung; Lai, Wen-Hsien; Yeh, Sen; Tsai, Yang-Cheng; Lai, Ying-Che
NT$1,000,000 (incl.) – NT$2,000,000 (excl.)	—	—	—	—
NT$2,000,000 (incl.) – NT$3,500,000 (excl.)	—	—	Chen, Ching-Tsung; Chung, Cheng-Huang; Chung, Yuan-Chi	Chung, Cheng-Huang; Chung, Yuan-Chi
NT$3,500,000 (incl.) –NT$5,000,000 (excl.)	—	—	Chung, Yuan-Kai	Chung, Yuan-Kai
NT$5,000,000 (incl.) –NT$10,000,000 (excl.)	—	—	—	Chen, Ching-Tsung
NT$10,000,000 (incl.) –NT$15,000,000 (excl.)	—	—	—	—
NT$15,000,000 (incl.) – NT$30,000,000 (excl.)	—	—	—	—
NT$30,000,000 (incl.) – NT$50,000,000 (excl.)	—	—	—	—
NT$50,000,000 (incl.) – NT$100,000,000 (excl.)	—	—	—	—
NT$100,000,000 and above	—	—	—	—
Total	9	9	9	9

2. Compensation paid to the General Manager and Vice President (Remuneration to the Five Highest Remunerated Management Personnel)

Unit: NT$ thousand

Title	Name	Salary (A)		Retirement allowance (B)		Bonus, and special allowance etc. (C)		Employee's profit sharing bonus (D)				Sum of A, B, C and D and the sum as a % of net income		Compensation received from non-consolidated affiliates or parent company
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
Chairman and General Manager	Chung, Yuan-Kai	2,640	2,640	0	0	500	500	1,100		1,100		4,240 0.75%	4,240 0.75%	0
Operation Management Division Executive Vice President	Chen, Liang-Teh	2,030	2,030	108	108	350	350	650		650		3,138 0.56%	3,138 0.56%	15
Channel Business Division Executive Vice President	Lin, Yi-Chao	2,015	2,015	108	108	330	330	620	0	620	0	3,073 0.55%	3,073 0.55%	15
Channel Business Division Vice President	Wu, Jung-Te	1,680	1,784	103	103	222	222	294		294		2,299 0.41%	2,403 0.43%	0
Manufacturing Business Division Assistant General Manager	Huang, Shih-Tsun	1,534	1,534	94	94	210	210	270		270		2,108 0.37%	2,108 0.37%	0

Range of Remuneration for the Top Five Highest-Paid Managers

Remuneration brackets of the top five highest-paid managers of the Company	Name of the top five highest-paid managers	
	The Company	All Consolidated Entities
Less than NT$1,000,000	—	—
NT$1,000,000 (incl.) –NT$2,000,000 (excl.)	—	—
NT$2,000,000 (incl.) –NT$3,500,000 (excl.)	Chen, Liang-Teh; Lin, Yi-Chao; Wu, Jung-Te; Huang, Shih-Tsun	Chen, Liang-Teh; Lin, Yi-Chao; Wu, Jung-Te; Huang, Shih-Tsun
NT$3,500,000 (incl.) –NT$5,000,000 (excl.)	Chung, Yuan-Kai	Chung, Yuan-Kai
NT$5,000,000 (incl.) –NT$10,000,000 (excl.)	—	—
NT$10,000,000 (incl.) –NT$15,000,000 (excl.)	—	—
NT$15,000,000 (incl.) –NT$30,000,000 (excl.)	—	—
NT$30,000,000 (incl.) –NT$50,000,000 (excl.)	—	—
NT$50,000,000 (incl.) –NT$100,000,000 (excl.)	—	—
NT$100,000,000 and above	—	—
Total	5	5

3. Employee's profit sharing bouns paid to management team

For the year ended December 31, 2024; Unit: NT$ thousand

	Title	Name	Stock	Cash	Total	Total amount as a % of net income
Management Team	Chairman and General Manager	Chung, Yuan-Kai	0	3,609 (Estimated)	3,609 (Estimated)	0.64%
	Operation Management Division Executive Vice President	Chen, Liang-Teh				
	Channel Business Division Executive Vice President	Lin, Yi-Chao				
	Channel Business Division Vice President	Wu, Jung-Te				
	Operation Management Division Assistant General Manager	Wang, Chia-Hsin				
	Manufacturing Business Division Assistant General Manager	Huang, Shih-Tsun				
	Operation Management Division Assistant General Manager and Corporate Governance Officer	Su, Wen-Yang (Note 1)				

Note 1: Su, Wen-Yang was promoted to Assistant General Manager on 2025.1.17.

4. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company-only financial reports or individual financial reports, as paid by the Company and all other companies included in the consolidated financial statements during the past 2 fiscal years to Directors, General Manager and Vice Presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

(1) Analysis of total remuneration, as a percentage of net income stated in the parent company-only financial reports or individual financial reports, as paid by the Company and all other companies included in the consolidated financial statements during the past 2 fiscal years to Directors, General Manager and Vice Presidents.

Unit: NT$ thousand; %

Title \ Item	2023				2024			
	Total remuneration		As a % of net income		Total remuneration		As a % of net income	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Directors	6,525	6,525	1.13	1.13	6,515	6,515	1.16	1.16
General Manager and Vice Presidents	14,695	14,802	2.55	2.57	12,750	12,854	2.27	2.29
The total remuneration of the General Manager and Vice Presidents as a percentage of net income decreased in 2024 compared to 2023, primarily due to a reduction in the number of individuals holding these positions in 2024.								

(2) Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

The Company has specified in Article 26 of its Articles of Incorporation that if the Company makes profits (the so-called profit refers to the net income before tax deducting the distribution of remuneration to employees and directors) for the year, an amount equivalent to not less than 2.5% and not more than 5% of the profits should be appropriated as remuneration to employees and an amount equivalent to 3% or less of the profits appropriated as remuneration to directors. The amount to be contributed shall be reviewed by the Remuneration Committee, and then submitted to the Board of Directors for discussion and approval, and shall be reported to the Annual Shareholders' Meeting.

The Company's Directors' remuneration was based on the performance evaluation result of each individual Director in the "Rules for Performance Evaluation of Board of Directors" as a reference for evaluation. The aspect of evaluation including their understanding of the Company's core value, awareness of their duties and continual education, etc., and is also reviewed according to the degree of involvement in the Company's operation and value of contribution and standards of industry peers.

Executive officers' remuneration includes fixed salary, bonus and employee's profit sharing bonus, of which the salary is determined with reference to the salary standard table that specifies the subsidies and salary standard of personnel of each level prescribed in the human resource regulations of the Company. During their employment in the Company, salary is adjusted based on their degree of responsibility and contribution to the Company's operation and by taking the salary standard of industry peers into account; bonus and employee's profit sharing bonus are paid in compliance with the "Regulations Governing Salary and Bonus" and "Regulations Governing Performance Appraisal" and highly in correlation with the performance appraisal which covers two major aspects, "Awareness and Function of Role" and "Performance Management." The "Awareness and Function of Role" includes: venturing (such as seeking new business agency lines, and establishing new management policy), leadership (such as setting long-, mid- and short-term goals and leading subordinates to achieve and even go beyond goals); the "Performance Management" includes: execution ability (such as plan implementation and excellent budget achieving rate), management ability (actively improving sales and non-operating income and caring about cost-benefit analysis), etc. The reasonable remuneration is paid with the consideration of aforementioned factors as well as overall business performance and division and individual performance.

The Company prudentially evaluates its remuneration to Directors and senior executive officers depending on actual business performance from time to time and adjusts properly in alignment with future business risk exposure in order to minimize possibility of and correlation with future risk and seek equilibrium between sustainable development and risk management.

II. Implementation of corporate governance

(I) Operations of the Board

The Board held 5 meetings (A) in the most recent year. The attendance record of directors is listed below:

Title	Name	Actual attendance (B)	By proxy	Actual attendance rate (%) [B/A]	Notes
Chairman	Chung, Yuan-Kai	5	0	100%	—
Director	Chen, Ching-Tsung	4	1	80%	
	Chung, Cheng-Huang	5	0	100%	
	Lo, Chi-Hung	5	0	100%	
	Chung, Yuan-Chi	5	0	100%	
Independent Director	Lai, Wen-Hsien	5	0	100%	
	Yeh, Sen	5	0	100%	
	Tsai, Yang-Cheng	4	0	80%	
	Lai, Ying-Che	5	0	100%	

Attendance of independent directors at the Board of Directors meetings in 2024:

◈: present in person; ∗: attended by proxy; ○: absent.

2024	March 14	May 2	August 1	November 1	December 30
Lai, Wen-Hsien	◈	◈	◈	◈	◈
Yeh, Sen	◈	◈	◈	◈	◈
Tsai, Yang-Cheng	◈	◈	◈	○	◈
Lai, Ying-Che	◈	◈	◈	◈	◈

Other matters that require reporting:

I. If any of the following circumstances occurs in the operation of the Board of Directors, the date, session, content of the motions, the opinions of all independent directors, and the Company's handling of independent directors' opinions shall be stated:

(I) Matters referred to in Article 14 -3 of the Securities and Exchange Act:

Date of meeting (Session)	Agenda	Opinion of Independent Director	
		No opinion	Objection or reservation
March 14 (First meeting of 2024)	Passed the change of CPAs due to an internal adjustment of the engaged accounting firm and the Company's evaluation on CPAs' independence and competence, as well as their appointments.	✓	
August 1 (3rd meeting of 2024)	Passed the donation of NT$500 thousand to the Hong Bao Charitable Foundation.	✓	

<table>
<tr><th rowspan="2">Date of meeting (Session)</th><th rowspan="2">Agenda</th><th colspan="2">Opinion of Independent Director</th></tr>
<tr><th>No opinion</th><th>Objection or reservation</th></tr>
<tr><td>November 1 (4th meeting of 2024)</td><td>Passed the appointment and compensation of the Company's CPAs.</td><td>✓</td><td></td></tr>
<tr><td>December 30 (5th meeting of 2024)</td><td>Passed the establishment of the "Sustainable Information Management Regulations" as part of the internal control system and the implementation rules for internal audits.</td><td>✓</td><td></td></tr>
<tr><td colspan="4">Resolutions of the matters above: Passed as proposed unanimously after the chairperson consulted with all attending directors.
The Company's handling of independent directors' opinions: N/A.</td></tr>
</table>

(II) Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing other than those described above: None.

II. Details, including names of directors, proposals, reasons for conflict of interest, and voting results, of circumstances where directors recused themselves due to conflict of interest:

<table>
<tr><th>Date of meeting (Session)</th><th>Agenda</th><th>Name of recused director</th></tr>
<tr><td rowspan="3">August 1 (3rd meeting of 2024)</td><td>Proposal of donation of NT$500 thousand to the Hong Bao Charitable Foundation.</td><td>Chung, Yuan-Kai; Chung, Cheng-Huang; Chung, Yuan-Chi</td></tr>
<tr><td>Proposal of the Company's 2023 directors' remuneration distribution.</td><td>Chung, Yuan-Kai; Chen, Ching-Tsung; Chung, Cheng-Huang; Lo, Chi-Hung; Chung, Yuan-Chi; Lai, Wen-Hsien; Yeh, Sen; Tsai, Yang-Cheng; Lai, Ying-Che</td></tr>
<tr><td>Proposal of the Company's 2023 Executive officers' remuneration distribution.</td><td>Chung, Yuan-Kai; Chung, Cheng-Huang; Chung, Yuan-Chi</td></tr>
<tr><td>December 30 (5th meeting of 2024)</td><td>Proposal of the Company's 2024 annual bonus distribution for executive officers.</td><td>Chung, Yuan-Kai; Chung, Cheng-Huang; Chung, Yuan-Chi</td></tr>
<tr><td colspan="3">Reason for recusal: The directors recused themselves from the proposals above where they had a conflict of interest in accordance with Article 15 of the Company's "Rules of Procedure for Board of Directors' Meetings."
Participation in voting: Directors with conflict of interest excused themselves lawfully. The proposals were passed as proposed unanimously after the chairperson consulted with all remaining attending directors.</td></tr>
</table>

III. Implementation of self-evaluations by the Company's Board of Directors and Functional Committees:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation Criteria
Once a year	2023.11.01 — 2024.10.31	Board of Directors	Self-evaluation of the Board of Directors	● Participation in the Company's operation. ● Improvement of the Board of Directors' decision-making quality. ● Composition and structure of the Board. ● Election and continuing education of directors. ● Internal control.
		Individual board members	Self-evaluation of individual board members	● Alignment with the goals and mission of the Company. ● Knowledge of the directors' duties. ● Participation in the Company's operation. ● Management of internal relationship and communication. ● Professionalism and continuing education of directors. ● Internal control.
		Functional Committees (Including Audit Committee and Remuneration Committee)	Self-evaluation of the Functional Committees	● Participation in the Company's operation. ● Knowledge of functional committee's duties. ● Improvement of the functional committee's decision-making quality. ● Composition and member election of the functional committee. ● Internal control.

The result of Board of Directors' and Functional Committees' performance evaluations were reported to the Board of Directors on December 30, 2024.The average score of the overall Board of Directors performance self-evaluation was 99.56. The average score of the self-evaluations of individual board member was 99. The Directors gave favorable scores, representing the good overall board operations. The average score of the performance self-evaluation of the Audit Committee was 100, and the average score of performance self-evaluation of the Remuneration Committee was 99.75. Both committees are in good operation and fully perform their duties. (The scores are out of 100)

IV. Evaluation of targets to enhance the role of the board and performance in the current year and last year:

(I) The Audit Committee and Remuneration Committee that are composed of all Independent Directors assist the Board of Directors in performing its duty of supervision.

(II) With regard to the issue that the Chairman concurrently serves as the President, the Company has added one additional seat of Independent Director to supervise the operation.

(III) The Company assigned the Corporate Governance Officer who is responsible for corporate governance affairs.

(II) Operation of Audit Committee

1. The Audit Committee is composed of all Independent Directors and holds at least one meeting each quarter. The powers of the Audit Committee are as follows:
   (1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
   (2) Assessment of the effectiveness of the internal control system.
   (3) The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
   (4) Matters in which a director is an interested party.
   (5) Asset transactions or derivatives trading of a material nature.
   (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
   (7) The offering, issuance, or private placement of any equity-type securities.
   (8) The hiring or dismissal of a certified public accountant, or their compensation.
   (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
   (10) Business Report and earnings distribution or loss make-up plan.
   (11) Annual financial reports signed or stamped by the Chairman, Executive officer and accounting officer.
   (12) Other material matters as may be required by the Company or by the competent authority.
2. Major matters discussed and reviewed by the Audit Committee in 2024 are as follows:
   (1) Annual final accounting books (Business Report, financial statements and earnings distribution plan).
   (2) Assessment of the effectiveness of the internal control system and audit plan.
   (3) Policies related to internal control system.
   (4) The hiring of certified public accountants and evaluation of CPA's independence and compensation.
   (5) Matters in which a director is an interested party.
   (6) Quarterly financial statements.
   (7) The "Sustainable Reporting and Assurance Procedures" and "Sustainable Information Management Regulations" were formulated.

In the most recent year, the Audit Committee convened 5 meetings (A), and the attendance of independent directors in the meetings is as follows:

Title	Name	Actual attendance (B)	By proxy	Actual attendance rate (%) [B/A]	Note
Independent Director	Lai, Wen-Hsien (Convener)	5	0	100%	—
	Yeh, Sen (Member)	5	0	100%	
	Tsai, Yang-Cheng (Member)	4	0	80%	
	Lai, Ying-Che (Member)	5	0	100%	

Other matters that require reporting:

I. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, session, contents of motions, content of objections, reservations or material suggestions expressed by an Independent Directors, resolution of the Audit Committee meeting, and the Company's response to the Audit Committee's opinions:

(I) The circumstances referred to in Article 14-5 of the Securities and Exchange Act:

Date of meeting (Session)	Agenda	Opinion of Independent Director		Material suggestion of Independent Director
		No opinion	Objection or reservation	
March 14 (8th meeting of the 2nd term)	Passed the 2023 Business Report and financial statements and consolidated financial statements.	✓		–
	Passed the change of CPAs due to an internal adjustment of the engaged accounting firm and the Company's evaluation on CPAs' independence and competence, as well as their appointments.	✓		–
	Passed the 2023 Internal Control System Statement.	✓		–
	Passed the 2023 earnings distribution plan.	✓		–
August 1 (10th meeting of the 2nd term)	Passed the donation of NT$500 thousand to the Hong Bao Charitable Foundation.	✓		–
November 1 (11th meeting of the 2nd term)	Passed the 2025 Annual Audit Plan and filing of the list of internal auditors and deputies.	✓		–
	Passed the appointment and compensation of the Company's CPAs.	✓		–
December 30 (12th meeting of the 2nd term)	Passed the establishment of the "Sustainable Information Management Regulations" as part of the internal control system and the implementation rules for internal audits.	✓		–
Resolutions of the matters above: Passed as proposed unanimously after the chairperson consulted with all attending Independent Directors. The Company's response to the Audit Committee's opinions: reporting to the Board of Directors' meeting and passed unanimously by all attending Directors.				

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. If Independent Directors recused from themselves from an agenda item in which they have a conflict of interest, specify the name of the independent director, agenda item, reason for recusal, and participation in voting: None.

III. Communication between Independent Directors and the internal auditing officer and CPAs (must include material matters of communication, methods, and results relating to the Company's financial and business conditions).

(I) Policy for communication between Independent Directors and internal auditing officer:

1. The internal auditing officer meets with Independent Directors at least once each quarter in the Audit Committee's Meeting, and reports on the implementation status of annual audit plan and follow-up of internal control defects with the audit report and follow-up report for any defects of the previous month submitted at the end of each month. Independent Directors may communicate and discuss with internal auditing officer regarding the content of above-mentioned matters or at any time deemed necessary. Any material irregularity shall be reported to Independent Directors at any time.
2. There was no such irregularity described above in 2024.The communication between Independent Directors and the internal auditing officer is good.

(II) Policy for communication between Independent Directors and CPAs:

1. The Company's CPAs meet with Independent Directors at least once a year to report the result of review or audit concerning the financial statements and internal control of the Company and its foreign subsidiaries to the Independent Directors and communicate about amendments to laws and regulations that may affect the Company's accounts. For any material irregularity, a meeting may be held at any time.
2. There was no such irregularity described above in 2024. The communication between Independent Directors and CPAs is good.
3. The Audit Committee completes the audit report with reference to the CPA audited financial statements and audit report.

(III) Summary of communication between Independent Directors and internal auditing officer and CPAs in 2024:

(The summary of communication can also be found on the Company's website at http://www.audix.com by following the path: Audix Corporation's Website\About Audix\Corporate governance\Summary of Communication Between Independent Directors and internal auditing officer and CPAs.)

1. Summary of communication between Independent Directors and internal auditing officer in 2024:

Date	Communication method	Main Points of Communication	Opinion of Independent Director
March 14	Audit Committee	(1) Internal audit report for January and February 2024. (2) 2023 Internal Control System Statement.	No opinion
May 2	Audit Committee	Internal audit report for March and April 2024.	No opinion
August 1	Audit Committee	Internal audit report for May to July 2024.	No opinion
November 1	Audit Committee	(1) Internal audit report for August to October 2024. (2) 2025 annual internal audit plan. (3) List of internal auditors and deputies for 2025.	No opinion

Date	Communication method	Main Points of Communication	Opinion of Independent Director
December 30	Audit Committee	(1) Internal audit report for November and December 2024. (2) Established the “Sustainable Information Management Regulations” as part of the internal control system and the implementation rules for internal audits.	No opinion

2. Summary of communication between independent directors and CPAs in 2024:

Date	Communication method	Main Points of Communication	Opinion of Independent Director
March 14	Audit Committee	(1) Matters discussed with the Corporate Governance unit and management: Independence of CPAs, content of the Client Statement, significant risk, key audit matters, internal control tests and findings, audit differences identified during the audit, and the preliminary CPA audit opinion for the year 2023. (2) International Standard on Quality Management 1. (ISQM1/TWSQM1) (3) Update of tax laws and regulations. (4) Introduction of the revisions to the 11th Corporate Governance Evaluation System.	No opinion
December 30	Meeting with CPAs	(1) Group audit scope. (2) Significant risks and preliminary views on key audit matters. (3) Execution strategies for internal control test. (4) Project and schedule of the audit. (5) Relationships and transactions with related parties. (6) International CPA Code of Ethics. (7) Information on Audit Quality Indicators (AQIs).	No opinion

(III) Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has adopted the "Corporate Governance Best Practice Principles" and disclosed on the Company's website and MOPS.	No difference.
II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures for handling shareholders' suggestions, questions, disputes or litigation and handled related matters accordingly?	✓		(I) The Company has set up the stock affairs personnel and spokesperson system, and the spokesperson or deputy spokesperson is responsible for handling shareholders' suggestions, questions, disputes and litigation; in addition, the Company's website also has a stakeholder section and a shareholders contact person for shareholders/investors to make suggestions or ask questions.	No difference.
(II) Does the Company have a list of major hareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	✓		(II) The Company keeps track of the shareholding of directors, executive officers and major shareholders with more than 10% shares through the insider share transaction reporting system, and keeps track of the list of major shareholders and their ultimate controllers through the previous register of shareholders as much as possible.	
(III) Does the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliates?	✓		(III) In order to ensure subsidiaries' implementation of a sound business management system and compliance of their financial and business operations with its internal control system, the Company established the "Procedures for Supervision and Management of Subsidiaries"; the Company established the "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises" in 2023 to prevent non arm's-length transactions and improper channeling of interests	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between the Company and its affiliated enterprises. The subsidiaries and affiliated enterprises have all complied with relevant regulations.	
(IV) Does the Company establish internal rules against insiders trading with undisclosed information?	✓		(IV) The Company has established the “Procedures for Handling Material Inside Information and Preventing Insider Trading” and “Code of Ethical Conduct” to prohibit the insiders from utilizing the undisclosed information to trade securities and leaking such information to others so as to prevent others utilizing such information in securities trading. To further protect shareholder rights and realize shareholder equality, the Corporate Governance Best-Practice Principles, which encompasses internal regulations that prohibit insiders from trading company stocks with the unpublished finance and business information on the market.	No difference.
III. Composition and responsibilities of the Board of Directors (I) Have diversification policies and specific management goals been formulated and implemented by the Board of Directors?	✓		(I) The Company has established the “Corporate Governance Best-Practice Principles” to stipulate the diversity of the Board composition, and that the Board shall formulate proper diversity policy in alignment with its operation, formation and development needs. Each board member shall have the necessary knowledge, skills, and experience to perform his/her duties in order to achieve the ideal corporate governance. Please refer to Page14-15 for the implementation of Board diversity.	No difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee?</td><td></td><td>✓</td><td>(II) The Company has established the Remuneration Committee and the Audit Committee lawfully. In the future, the Company will evaluate the establishment of other functional committees in accordance with laws and regulations and depending on its business development needs to address the Company’s actual business needs.</td><td>Other functional committees will be set up depending on operational needs.</td></tr>
<tr><td>(III) Does the Company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?</td><td>✓</td><td></td><td>(III) The Company has established the “Rules for Board of Directors Performance Assessments,” the evaluation scope includes the Board of Directors, individual board members and functional committees. The evaluation method may include the internal evaluation of the Board of Directors, the self-evaluation of the Board members, the self-evaluation of functional committees, entrusting external professional institutions or other appropriate methods. The evaluations are performed by the Company’s agenda working group on an annual basis, and the evaluation results are taken as reference for remuneration to individual directors and their nomination.

The evaluation results for the period from November 1, 2023 to October 31, 2024 are as follows:
<table><tr><th>Item</th><th>Total average score</th><th>Evaluation grade</th></tr><tr><td>Board of Directors</td><td>99.56</td><td>Outstanding</td></tr><tr><td>Board members</td><td>99</td><td>Outstanding</td></tr><tr><td>Audit Committee</td><td>100</td><td>Outstanding</td></tr><tr><td>Remuneration Committee</td><td>99.75</td><td>Outstanding</td></tr></table></td><td>No difference.</td></tr>
</table>

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		(IV) The Company conducts regular review, once a year, of the independence and suitability of certified public accountants (CPAs). The evaluation outcomes along with the Audit Quality Indicators (AQIs) and the CPA Independence Declaration are submitted to the Audit Committee for review before reporting them to the Board of Directors for discussion and resolution. The evaluation for the most recent year on the independence and suitability of CPAs Chienju Yu and Hsinmin Hsu of Ernst & Young was conducted on March 6, 2025. The abovementioned documents have been sent to the Audit Committee and Board of Directors for review and resolution which has been passed. The evaluation outcomes show that both CPAs have met the Company's independence evaluation standard to take up the role as the Company's CPAs. The independence evaluation includes 17 criteria listed as follows:	No difference.

I. Evaluation of CPA independence		
Evaluation Criteria	Yes	No
01. Does the CPA, or the spouse or a minor child thereof, not invest in Company?	V	
02. Does the CPA, or the spouse or a minor child thereof, not have loan or guarantees with the Company?	V	
03. Does the CPA or any of the engagement team members not hold shares of the Company or of any entity of the Group?	V	
04. Is the CPA or any of the engagement team members not a director, executive officer or in a key position of the Company to exert significant influence over the subject matter of the engagement?	V	
05. Is the CPA or any of the engagement team members not an agent of the Company's stocks or other securities?	V	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Evaluation Criteria</th><th>Yes</th><th>No</th></tr>
<tr><td>06. Does the CPA or any of the engagement team members not act as an advocate in support of the Company’s position, or in liaison of disputes with third parties?</td><td>V</td><td></td></tr>
<tr><td>07. Is the CPA or any of the engagement team members not a relative of the directors, executive officers of the Company or any personnel who has significant influence on audit cases?</td><td>V</td><td></td></tr>
<tr><td>08. Has any former partner within one year of disassociating from the accounting firm that the CPAs belong to not joined the Company as a director, executive officer or is in a key position to exert significant influence over the subject matter of the engagement?</td><td>V</td><td></td></tr>
<tr><td>09. Does the CPA not perform any routine work for the Company and receive a fixed salary?</td><td>V</td><td></td></tr>
<tr><td>10. Does the accounting firm that the CPA belongs to not have commercial relationship with the Group?</td><td>V</td><td></td></tr>
</table>
</td><td></td></tr>
<tr><td>IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and appoint a corporate governance supervisor to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings)?</td><td>✓</td><td></td><td>In order to implement corporate governance, enhance the competency of the Board of Directors and protect shareholders’ rights and interests, the Board of Directors appointed the Manager of Operation Management Division (currently the Assistant General Manager), Su, Wen-Yang, who possesses more than three years of experience as a supervisor of finance, stock affairs or corporate governance units in a public company, as the Corporate Governance Officer on July 31, 2020.

The Corporate Governance Officer is the chief officer responsible for affairs related to corporate governance, and to whom the unit handling stock affairs reports directly. His or her responsibility is to handle matters related to board meetings and shareholders meetings according to laws; produce minutes of board meetings and shareholders</td><td>No difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>meetings; assist in onboarding, continuous development, and legal compliance of directors; report the review result regarding whether independent directors‘ qualifications have complied with relevant laws and regulations during election and during their term of office to the board of directors; handle any changes to directors; regularly review and amend relevant regulations of the Company; implement the promotion of corporate governance and other matters related to corporate governance.
List of continuing education in 2024 is as follows:
<table>
<tr><th>Date</th><th>Organizer</th><th>Course name</th><th>Hours</th></tr>
<tr><td>2024.8.28</td><td>Accounting Research and Development Foundation (ARDF Taiwan)</td><td>The latest “Annual Report / Sustainability Information / Financial Statement Preparation” related laws and regulations summary and internal control management practices</td><td>6</td></tr>
<tr><td>2024.9.20</td><td>Securities and Futures Institute (SFI Taiwan)</td><td>2024 Insider Trading Prevention Seminar</td><td>3</td></tr>
<tr><td>2024.10.18</td><td>Taiwan Project Management Association (TPMA)</td><td>Continuing education for directors of TWSE/TPEx listed companies – SDGs and ESG Sustainability Management</td><td>3</td></tr>
</table></td><td></td></tr>
</table>

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and properly respond to corporate social responsibility issues of concern to the stakeholders?	✓		The Company has set up a section for stakeholders on its website to provide stakeholders a contact channel and assigned dedicated personnel to response any concerns of the stakeholders. Company website: http://www.audix.com. Page path: Audix Corporation website\ About Audix\ Stakeholders.	No difference.
VI. Does the Company designate a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the Department of Stock Affairs of Mega Securities Co., Ltd. to handle the affairs of the Shareholders' Meetings.	No difference.
VII. Information disclosure (I) Does the Company establish a corporate website to disclose information regarding the company's financial, business and corporate governance status?	✓		(I) The Company has set up the official website (http://www.audix.com) to disclose its financial, business and corporate governance information regularly and irregularly for investors' reference.	No difference.
(II) Does the Company have other information disclosure channels (e.g. maintaining an English-language website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on Company website)?	✓		(II) The Company has created the spokesperson system, appointed responsible person to handle information collection and disclosure, voluntarily disclosed material information, financial information, investor conference and Shareholders' Meeting materials that investors care about in the investors section of its website to improve transparency of information.	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(III) Does the Company announce and report annual financial report certified by a CPA within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial report certified by a CPA, as well as monthly operation results, before the prescribed time limit?		✓	(III) The Company currently does not announce and report the annual financial report within two months after the end of each fiscal year, but announces and reports the quarterly financial report and monthly operation overview before the prescribed time limit.	The Company will prudently evaluate the feasibility of announcing and reporting the annual financial report within two months after the end of each fiscal year.
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		1. Employee rights and wellness: Please refer to IV. Labor relations under 5. Business Overview in the annual report, and such information may also be found on the Company's website. 2. Investor relations: the Company has created the spokesperson system and expects to connect the Company and its investors. The Company has also set up the investors section on its website to disclose the Company's performance thoroughly and fairly. In the event of material information required by laws and regulations, the Company discloses it on the Market Observation Post System in time to ensure shareholders will get the correct financial data and material information, and protect investors' rights and under its obligation to shareholders. 3. Supplier relations: The Company has adopted the "Ethical Corporate Management Best-Practice Principles," and by upholding the principle of ethic and maintaining good communication channel with its suppliers, it keeps friendly relations with its suppliers. 4. Rights of stakeholders: The Company has established the stakeholder's section on its website and provided the contact channel for its stakeholders. It has also appointed dedicated personnel to promptly answer questions from each stakeholders	No difference.

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			including investors/shareholders, customers, suppliers and employees. Meanwhile, it also has the reporting section for the reporting of conducts that are illegal or in violation of the “Code of Ethical Conduct” or “Ethical Corporate Management Best-Practice Principles.” In addition, the Company has the legal unit and appoints the legal counsel to handle legal disputes. 5. Continuing education of directors: The Company provides relevant continuing education information for Directors’ reference from time to time, and further arranges the continuing education courses at the institutions designated by competent authority for its directors. The information on continuing education of directors is disclosed on the Market Observation Post System to implement corporate governance policy. 6. The Company has a set of procedures and internal regulations for its key management indicators, and assesses and manages its risk exposure accordingly. 7. Implementation of customer policy: The Company has established the controlling measures for customer credit lines and maintained good customer relations while upholding the principle of ethic as adopted in the “Ethical Corporate Management Best-Practice Principles” to create profit and manage risk. 8. Insurance purchased for directors: The Company has purchased liability insurance for its directors and reported to the Market Observation Post System lawfully. The most recent purchase of insurance is as follows: The renewal period is from 2024/6/15 to 2025/6/15, and the total amount insured is US$7.5 million.	

IX. Specify the improvement of corporate governance with reference to the evaluation of corporate governance by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and the measures prioritized for issues that require improvement.

1. The improvements made with reference to the 11th evaluation of corporate governance in 2024 are as follows:

No.	Evaluation indicator	Improvement made
2.27	Does the Company have an intellectual property management plan that is linked to operational goals, and does it disclose the implementation status on the Company's website or in the annual report, and report to the Board of Directors at least once a year?	The Company's website has disclosed the intellectual property management plan and implementation status, and reported to the Board of Directors on November 1, 2024.
4.6	Does the Company refer to international human rights conventions to establish human rights protection policies and specific management plans, and does it disclose relevant policies and implementation status on the Company's website or in its annual report?	The Company's website has disclosed relevant policies and implementation status.
4.14	Does the Company's website or annual report disclose the identified stakeholders, their issues of concern, the communication channels and response methods? Extra point: Regularly report to the Board of Directors on the communication with stakeholders.	Communication with the stakeholders was reported to the Board of Directors on December 30, 2024.
4.19	Does the Company invest in machinery and equipment related to energy conservation or green energy, invest in Taiwan's green energy industry in Taiwan (such as renewable energy power plants), or issue/invest in sustainability-linked financial products—such as green or social impact investment plans with tangible benefits— and disclose its investment status and specific benefits?	The Company invested in green bonds in 2024.

2. The improvements prioritized for issues that did not score in the 11th evaluation of corporate governance in 2024 are as follows:

No.	Evaluation indicator	Prioritized Matters for Improvement and Measures
1.1	Does the Company report the remuneration received by Directors at the annual shareholders' meeting, including the remuneration policy, individual remuneration details, and amounts?	Report on the remuneration paid to Directors at 2025 annual shareholders' meeting.

No.	Evaluation indicator	Prioritized Matters for Improvement and Measures
1.6	Does the Company convene the annual shareholders' meeting before the end of May?	The 2025 annual shareholders' meeting is scheduled to be held before the end of May.
2.6	Does the Board of Directors include at least one director of a different gender?	Two directors of a different gender are expected to be elected during the 2025 annual shareholders' meeting.
3.6	Does the Company disclose the interim financial report in English within two months after the deadline for filingthe Chinese version of the financial report?	The 2025 interim financial report will be translated into English and uploaded before the regulatory deadline.
3.13	Does the Company voluntarily disclose the individual remuneration of directors in its annual report?	The Company discloses the individual remuneration of directors in its 2024 annual report.
3.20	Does the Company voluntarily hold (or is invited to hold) at least two institutional investor conferences, disclose at least two complete video/audio recordings, and have an interval of at least three months between the first and second institutional investor conferences in the year of evaluation?	The feasibility of holding two institutional investor conferences in 2025 is being assessed.
4.24	Are the sustainability reports prepared by the Company submitted to the Board of Directors for approval?	The "Sustainable Reporting and Assurance Procedures" established in 2024 has stipulated that the sustainable report should be submitted to the Board of Directors for approval. The 2024 sustainability report will be submitted as required in 2025.

(IV) Composition of the Remuneration Committee and its operation

1. Information on Remuneration Committee members

Title	Qualifications / Name	Professional qualifications and experience	Independence	Number of other public companies in which the member also serves as a member of their Remuneration Committee
Independent Director (Convener)	Lai, Wen-Hsien	Please refer to the Information on Directors (II) on Page 12.		0
Independent Director	Yeh, Sen	Please refer to the Information on Directors (II) on Page 12.		0
Independent Director	Tsai, Yang-Cheng	Please refer to the Information on Directors (II) on Page 12.		0
Independent Director	Lai, Ying-Che	Please refer to the Information on Directors (II) on Page 13.		0

2. Operations of Remuneration Committee

(1) The Company's Remuneration Committee consists of four members.

(2) Current term of office: The term of office is from June 28, 2022 to June 16, 2025. The Committee held 3 (A) meetings in the most recent year, and qualification of Committee members and their attendance are listed as follows:

Title	Name	Actual attendance (B)	By proxy	Actual attendance rate (%) [B/A]	Notes
Independent Director	Lai, Wen-Hsien (Convener)	3	0	100%	—
	Yeh, Sen (Member)	3	0	100%	
	Tsai, Yang-Cheng (Member)	3	0	100%	
	Lai, Ying-Che (Member)	3	0	100%	

Other matters that require reporting:

I. If the Board of Directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, session, contents of motion, resolution of the board of directors, and the Company's handling of the Remuneration Committee's opinions (if the remuneration ratified by the board of directors is superior to that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): None.

II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, session, contents of motion, opinions of all members and the Company's handling of the said opinions: None.

III. Remuneration Committee's meeting date, session, contents of motion, resolutions and the Company's handling of the Remuneration Committee's opinions for the most recent year are as follows:

Date of meeting (Session)	Agenda	Resolutions of Remuneration Committee's meeting
March 14 (6th meeting of the 5th Committee)	Passed the review of remuneration to Chairman and Directors.	Passed unanimously by all attending members.
	Passed the review of remuneration policy and system for executive officers.	
	Passed the proposal of 2023 directors' remuneration and employees' compensation distribution.	
August 1 (7th meeting of the 5th Committee)	Passed the proposal of the Company's 2023 directors' remuneration distribution.	
	Passed the proposal of the Company's 2023 executive officers remuneration distribution.	
December 30 (8th meeting of the 5th Committee)	Passed the proposal of the Company's 2024 annual bonus distribution for executive officers.	
The Company's response to the Remuneration Committee's opinions: reporting to the Board of Directors' meeting and passed unanimously by all attending Directors.		

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, the Reasons and Climate-related Information

1. Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof

Promote Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the Company have a governance framework for promoting sustainable developments and a dedicated (or ad-hoc) sustainable development unit that is managed by senior management authorized by the Board of Directors, and how is the supervision of the Board?	✓		The "Sustainable Development Promotion Task Force" was established in 2024. The organization is structured based on the sustainable mission of "Environment (E), Society (S), and Governance (G)" and is divided into various responsible units based on its functions and implementation practices. The task force is responsible for formulating and executing sustainable development policies, systems or related management guidelines and concrete promotion plans. Each year, the task force compiles and reviews the Sustainability Report, which is then submitted to the Board of Directors for final review and approval.	No difference.
II. Whether the Company conducts the risk assessment on the environment, society and corporate governance issues related to the Company's operation in accordance with the materiality principle, and adopts related risk management policies or strategies?		✓	The Company has not yet adopted risk management policies or procedures, so it did not conduct the risk assessment. However, it has a set of regulations in association with those issues for compliance, and examples include: 1. In the case of natural disaster, it has adopted the "Procedures for Averting Imminent Danger" and "Process Chart for Handling Environmental Emergency in the Workplace" to effectively prevent any threat and damage to employees and company assets. 2. In order to protect employment rights and provide a working environment that is free of sexual harassments and promotes gender equality, the Company has adopted the "Procedures	Depending on the Company's operation and scale, it will establish such a framework.

Promote Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			for Prevention, Complaint and Handling of Sexual Harassment at Workplace." 3. In order to prevent any illegal use of unauthorized software by employees that may cause loss of the Company, it has adopted the "Procedures Governing the Use of Computers and Installation of Software." 4. It has adopted the "Procedures for Handling Material Inside Information and Preventing Insider Trading" to strengthen the prevention of insider trading. 5. For legal document signing, the legal affairs unit shall be engaged to review the content of such legal documents with its professional knowledge to prevent any damage of the Company's rights, so it has established the "Operational Principles for Engaging the Legal Affairs Unit of the Parent Company in Reviewing Legal Documents of the Affiliates." The Company continues to enhance all risk management measures so as to implement sustainable development.	
III. Environmental issues (I) Has the Company established environmental policies suitable for the Company's industrial characteristics?	✓		(I) The Company actively promotes various energy-saving and carbon reduction, waste reduction related management measures. Various environment and safety operations are regulated based on the laws and regulations. The manufacturing base location in Mainland China has qualified and obtained the ISO14001 certification.	No difference.

Promote Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(II) Does the Company endeavor to upgrade the efficient use of available resources, and the use of environmentally friendly materials?	✓		(II) The Company endeavors to initiate environmental sustainability and implement relevant improvements. It increases the efficiency of the re-use of resources to achieve the goals of energy-saving, waste reduction and environmental protection, through the promotion and execution of a set of measures, including gradual replacement of high energy-consuming equipment, increase of the re-use rate of paper and packaging materials, priority in the procurement of highly efficient energy-saving equipment, installation of energy conservation controllers on various equipment, etc.	No difference.
(III) Whether the Company assesses the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and takes countermeasures?	✓		(III) Climate change has become the most important issue in the world, and the Company will be significantly affected by the occurrence of any extreme climate event that may probably cause the price hike of raw materials and commodities and even negatively impact the supply. Therefore, the Company voluntarily examines issues such as energy saving, carbon reduction and greenhouse effect, and takes initiatives on the improvement of shipping processes and packaging materials to practically pursue energy conservation and carbon reduction.Moreover, with regard to the production and sale policies, the Company will introduce the new products tailoring the energy efficient lighting market and expand business to the field of energy-saving environmental technology and service.	

Promote Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(IV) Has the Company done the statistics on its annual greenhouse gas emission, water consumption and gross weight of waste for the past two years, and adopted policies for greenhouse gas reduction, water consumption reduction or management policy for other waste?	✓		(IV) The Company's self-inventory of greenhouse gases (Scope 2) increased from 345 metric tons of CO2e in 2023 to 381 metric tons of CO2e in 2024, reflecting an increase of approximately 10.43%. This increase was calculated using the carbon emission factor of 0.494 kg CO2e per kWh of electricity in 2023, as published by the Energy Administration, MOEA. Water usage rose from 4,026 metric tons in 2023 to 4,061 metric tons in 2024, reflecting an increase of approximately 0.87%. Waste decreased significantly from 2.99 metric tons in 2023 to 0.9 metric tons in 2024, reflecting a decrease of approximately 69.90%. The increase in power consumption is mainly due to the increase in business of the subsidiary, Audix Technology Corporation, resulting in the increase in power consumption. The significant decrease in waste is mainly due to the removal of waste pallets in 2024, and no other industrial waste (there is also general household waste, with an average of 13.2 metric tons per year, and the change is not significant). The above statistical information, excluding industrial waste, pertains to both the parent company and the subsidiary, Audix Technology Corporation, whose operations are located in the Taipei office building. Relevant measures taken to promote energy saving and carbon reduction and explanation: In response to the government's energy-saving and carbon reduction initiatives, the Taipei office building underwent a replacement of four chiller units in December 2024, upgrading to models with a Level 2 Energy Efficiency Label. Additionally, an Energy Management System (EMS) was introduced to monitor and record electricity consumption in	No difference.

Promote Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			real time for the new chiller units and each floor of the building, allowing for the identification of high-energy-consuming floors. Other energy-saving and carbon reduction measures implemented by the Company include the replacement of air conditioning equipment with energy-efficient inverter-based models certified with an energy-saving label, and the installation of high-performance LED lighting. Additionally, the Company continues to promote paper reduction through the WorkFlow system, advocates for water and electricity conservation, and enforces waste classification and recycling practices. To further enhance energy efficiency, the Company maintains optimal temperature settings for air conditioning, ensuring a more sustainable and environmentally friendly workplace.	
IV. Social issues (I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	✓		(I) The Company complies with relevant labor laws and regulations to adequately protect employees' legal rights. Compliance with laws and regulations forms the basis for all management policies so as to prevent any damage to employees' basic rights and interests.	No difference.
(II) Whether the Company adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits), and reflects the operating performance or results on the remuneration to employees adequately?	✓		(II) In order to build a friendly working environment, the Company has adopted relevant employee-benefits-related regulations for compliance.In terms of remuneration, for the consistency of salary and bonus distribution and fair evaluation of employee performance, the Company has adopted the "Regulations Governing Salary and Bonus" and "Regulations Governing Performance Appraisal"; in terms of vacation, it has the "Regulations of Leave-Taking"; and for other benefits, the Company takes care of its employees	

Promote Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			and has the "Regulations for Employee Welfare" that offer a variety of employee welfare. Meanwhile, it has also set up the Employee Welfare Committee that contributes a fixed percentage of the Company's monthly revenue to organize welfare events. The percentage of employees' compensation is prescribed in the Articles of Incorporation so that employees are aware of the Company's value of profit sharing and hence motivated. In addition, the Company values workplace diversity and equality. The 2024 female employees account for 35.29% of total employees with a 2.43% compared to 2023. There are no female managers.	
(III) Whether the Company provides its employees with a safe and healthy work environment, and regularly implements employee safety and health education measures?	✓		(III) The Company pays attention to the work environment and health of its employees, and carries out the following policies: 1. It has adopted the "Procedures for Prevention, Complaint and Handling of Sexual Harassment at Workplace" to protect employment rights and provide a working environment that is free of sexual harassments and promotes gender equality. 2. In compliance with the "Tobacco Hazards Prevention Act," smoking is prohibited at the workplace. 3. Measures including 24-hour security service, regular maintenance of building mechanical system, regular inspection of firefighting equipment, building public safety check, establishment of emergency notification mechanism and organization of fire safety courses for employees are implemented to ensure employee safety.	No difference.

Promote Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			4. The dedicated cleaning personnel clean and maintain the environment every day while the filtering system was installed to ensure water health and safety in the pursuit of providing employees with a comfortable work environment. 5. It has set up the Employee Welfare Committee lawfully that is responsible for organizing employee welfare such as periodic employee travel and sporting contests, as well as scheduling various exercise courses and setting up exercise area with fitness equipment. Through regular exercises, employees can not only gain personal physical health but also de-stress. 6. For a better understanding of employees' own health and early diagnosis and treatment, the Company also offers the free full body health checkup package to its employees once a year. 7. For female employees with breastfeeding needs, an exclusive warm and comfortable breastfeeding room was also established. 8. Automated External Defibrillators (AEDs) have been placed in the office building with an instructional video provided. There was no occupational accident causing injuries or disabilities reported or fire in 2024.	
(IV) Has the Company established some effective career development training plan for employees?	✓		(IV) The Company has established the "Regulations for Employee Education and Training" for employees' career competency in order to align the development of human resource will business goal and yield a win-win situation.	No difference.

Promote Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and has it established relevant consumer or customer protection policies and grievance procedures?	✓		(V) The Company cares about the opinions of its customers. Besides individual visits, it also provides a contact person and e-mail addresses for product inquiry on its website. It also set up a stakeholder section on the Company's website to provide an access for customer questions, complaints, or suggestions that are subsequently handled by dedicated personnel. Moreover, the Company has the legal unit and appoints the legal counsel. In the event of legal issues, it consults with its legal counsel for opinion and assigns professional attorney or legal affairs personnel to handle.	No difference.
(VI) Whether the Company adopts any specific suppliers' management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or laborers' human rights, and how the policy is implemented?		✓	(VI)The Company has not yet adopted any suppliers' management policy. However, in actual practice, before pursuing any business relation with a supplier, the Company pays attention to whether such a supplier has any record of violation of environmental protection, occupational safety and health or laborers' human rights.	In compliance with laws and regulations.
V. Whether the Company prepares the report disclosing the Company's non-financial information, such as a sustainability report, based on the guidelines or directions for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a third-party certification unit?		✓	The Company has not yet prepared a sustainability report.	In compliance with laws and regulations.

VI. If the Company has established sustainable development principles based on "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the principles and their implementation: The Company has not yet adopted the sustainable development principles; however, its implementation of the sustainable development principles described in this table and other relevant matters follows the provisions of the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" with no material deviation.
VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development: 1. Social welfare: (1) Caring about and sponsoring charitable organizations, and in 2024, donated NT$500,000 to Hong Bao social welfare and charity Foundation. (2) In line with government policies, the Company complies with the People with Disabilities Rights Protection Act by either employing individuals with disabilities or paying the required subsidy. 2. Human rights: Setting up a stakeholder section on the Company's website to provide a good communication platform, in order to understand the reasonable expectations and needs of stakeholders. Whether the internal or external issues are questions, complaints, or suggestions in the economic, social and environmental aspects, the Company shall always uphold the principle of good faith to properly handle and provide feedback or improvement plans to achieve effective communication.

2. Climate-related information

(1) Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.

The Board of Directors has established the "Sustainable Development Promotion Task Force," chaired by the General Manager. Starting in 2025, the task force will report on sustainability initiatives to the Board of Directors annually.

Additionally, the "Environmental (E) Sustainability Promotion Team" is responsible for quarterly data consolidation related to greenhouse gas (GHG) reporting. The Vice Convener of the Sustainable Development Promotion Task Force will present updates to the Board of Directors at least once per quarter, covering GHG inventory and verification schedules. In terms of operating procedures, the Company has established relevant environmental management systems.

(2) Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).

The Company has identified the climate-related risks and opportunities in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the industrial outlooks and international sustainable trends, and defined the impact period, which is short term for 3 years or less, mid-term for 3–5 years, and long term for more than 5 years. In addition, the Company further evaluates the observable and potential impact of climate change on the Company.

Type	Issue	Content	Operating and financial impacts	Duration of influence	Response strategy
Transition risks	Policy and regulatory risks	In order to achieve the net zero target by 2050, the Company has faced or will face the following situations: ● Compulsory disclosure of greenhouse gas emissions and introduction of energy management issues after verification. ● The electricity structure actively develops renewable energy and low-carbon. ● Carbon tax/carbon tax system. ● Test and certification of compliance requirements.	● In compliance with the government's regulations, the Company has introduced greenhouse gas inventory and verification, and increased operating costs. ● The future price increase trend of electricity tariff adjustment. ● Replaced energy-saving products, and increased energy costs. In addition, if the Company does not understand the carbon tax system, it may be fined. ● In order to accommodate the latest environmental protection regulations and carbon reduction policies of the government and international organizations, resources need to be invested in order to improve the testing and certification process, and increase the cost of compliance.	Short-term	● Systemized collection of greenhouse gas data and establishment of related management systems and operating guidelines. ● Promote energy management and monitoring, improve the workflow, formulate energy-saving measures, and reduce energy consumption. ● The Company is responsible for the research seminar of the unit participating in the carbon tariff, to ensure that the regulations are fully understood, and to continue to monitor the relevant legal system and policies of various countries. ● Pay close attention to the countermeasures of various countries for climate change, and adjust them according to the new test standards and certification requirements to ensure compliance with the latest requirements.
Transition risks	Market risk	Risks associated with climate change: ● Raw material supply issues. ● The products and packaging materials are in line with the sustainability initiatives. ● Consumers' demand for sustainable products and services is increasing.	● The supply of certain raw materials is limited, which affects the production and cost of products, and thus reduces revenue and increases operating costs. ● Products and packaging materials must meet environmental requirements, which will increase R&D and production costs. ● The rise of the concept of	Mid-term	● The Company promotes a diversified supply chain to avoid excessive reliance on a single supplier or source, thereby mitigating supply risks associated with climate-related disruptions in specific areas. ● In terms of suppliers, the Company has established stable cooperative relations, and reduced unit costs through bulk procurement of environmental materials and long-term cooperation. In terms of

Type	Issue	Content	Operating and financial impacts	Duration of influence	Response strategy
			sustainable development for the consumer public, failure to transform, test, and verify services, and failure to comply with the requirements of sustainable development may result in the loss of customers or market share.		human resources, recruit or train talent in related product development. ● In response to the low-carbon products and services, the Company invests resources in the related agency lines, tests and verifies, in order to adjust in a timely manner in response to the emerging standards and specifications.
Transition risks	Honorary risk	Risks faced by consumers and investors due to increased awareness of climate change: ● Enhance the stakeholders' awareness of sustainability. ● Consequences of non-compliance with standards.	● If the Company does not actively respond to the risks of climate change, it may face pressure from consumers, investors and other stakeholders, and even damage its image, resulting in sales difficulties. ● The failure to comply with new environmental protection regulations or standards in the test and verification will lead to customer or public concerns, impair the Company's reputation and affect its revenue.	Long-term	Formulate a sustainable development policy and regularly publish ESG reports to publicly announce the Company's efforts in response to climate change, so that stakeholders can understand the Company's sustainable development performance.
Physical risks	Extreme weather and other immediate risks	The risks faced by typhoons and flooding events with increased severity: ● Supply chain and logistics interrupted, delivery delayed. ● Facilities and merchandise damage. ● Employees are absent from work.	● The extreme weather and natural disasters have affected the transportation and delivery of products, causing the supply chain to be interrupted and transportation costs to increase. ● The certification facility and warehouse may be damaged by extreme weather, which may result in a decrease in revenue and an increase in maintenance	Short-term	● Establish a flexible inventory strategy and diversify suppliers to respond to the risk of supply chain interruptions. ● The Company has purchased relevant insurance to mitigate the risk of inventory losses. ● If the employee is office staff, the Company has established the "Regulations Governing the Management of Work from Home" to ensure that the employee can maintain

Type	Issue	Content	Operating and financial impacts	Duration of influence	Response strategy
			costs and premiums. ● The safety relationship of employees is unable to enable them to attend work, which affects the operation of the office and laboratory, which may lead to business interruption, affecting the continuity of customer service.		productivity during the extremely hot and rainy days. If the person is a laboratory employee, the work hours and schedule are flexibly adjusted, or temporary accommodation is provided to ensure the safety of the employee.
Physical risks	Long-term Risks	Risks associated with changes in rainfall (water) patterns and average temperature rise: ● Flooding may lead to inventory damage and equipment malfunction. ● Water resource shortage. ● Increased heat load may shorten equipment lifespan and increase energy consumption.	● The product loss rate increased and the warehousing cost increased when flooding occurred, and the damage and repair cost of the testing and inspection equipment was high. ● If a large amount of water resources is required for testing or verification, the shortage of water resources will affect the operation of the business, resulting in a decrease in revenue. ● The rise in environmental temperature caused by climate change has reduced the service life of equipment, increased the frequency and cost of maintenance and replacement. ● To maintain the appropriate temperature of the laboratory and testing facilities, it is necessary to increase the operation of the air conditioning and cooling system, which leads to a significant	Long-term	● Enhance equipment protection by replacing sandbags with deployable flood barriers that can respond rapidly to heavy rain and flooding events. ● In terms of water resource management, the Company will install water-saving equipment and promote water conservation. In the future, contingency plans will be established in response to the shortage of water resources. ● In terms of greenhouse gas management, the Company has purchased chillers with Level 2 energy efficiency labels, an energy-saving temperature-controlled air conditioning system, replaced lighting equipment with LED lamps, upgraded to blackout and flame-retardant curtains, and installed variable frequency drive (VFD) energy-saving systems for cooling water pumps. The Company continues to implement energy-saving policies and raise awareness of energy conservation. ● The Company will also evaluate the

Type	Issue	Content	Operating and financial impacts	Duration of influence	Response strategy
			increase in energy consumption and operating costs.		procurement or introduction of equipment and systems that support energy conservation, efficiency enhancement, or carbon reduction in the future.
Opportunities	Resource efficiency	● Use of equipment that is more energy-efficient. ● Reduce water consumption and water consumption. ● Implement digital and automated processes.	● Reduce power consumption and water consumption to reduce operating costs. ● Use digital platforms to reduce the demand for energy and resources in the office and operating process, and reduce operating costs.	Short and Mid-term	● In terms of lighting equipment, the Company uses LED light tubes; in terms of air conditioning, the Company purchases chillers with Level 2 energy efficiency labels; in terms of other aspects, the Company installs variable frequency drive (VFD) energy-saving systems for cooling water pumps and related equipment. The Company continues to evaluate and replace major energy-consuming equipment with energy-saving equipment. ● The water-saving equipment includes sensor-activated faucets, urinals with water-saving label certification, toilet tanks, and other devices. ● The Company continues to accelerate and refine digital and automated processes, helping to reduce paper consumption in office operations; laboratory processes help reduce paper consumption, as well as manual operations and time during testing and certification. ● In the future, the Company will move toward the goal of a paperless warehouse management system to reduce the carbon footprint.

Type	Issue	Content	Operating and financial impacts	Duration of influence	Response strategy
Opportunities	Products and services	The demand for low-carbon, green energy technology and services is increasing.	As the world pays attention to the reduction of carbon emissions, it is necessary to rely on various low-carbon technologies and innovative solutions in the process of carbon reduction. The low-carbon and green energy business opportunities are used to expand market sales and increase operating revenues.	Mid and long term	● To respond to the carbon reduction issue, the Company promotes green technology and low-carbon products. In addition to distributing recyclable eco-friendly packaging materials (laminated film), the new development of energy storage cabinet products (Silicon Valley Energy) is a green energy output, a solar/wind power storage system application for grid-connected power generation. The sales of green products can obtain a greater competitive advantage in the market. ● As the global regulations on climate change continue to intensify, the products need to undergo testing and certification requirements of the local regulations and international standards. The Company has been expanding its business scope by providing certified services for environmentally friendly products. ● The Company will continue to monitor market demand and low-carbon issues, and grasp the industry's pulse, in order to become more competitive in the market that places increasing emphasis on environmental issues.

(3) Describe the financial impact of extreme weather events and transition measures.

Please refer to item (2) above for the impact of extreme weather events and transition measures on the Company's financial performance.

(4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.

According to the TCFD recommendations, the Company uses climate-related risks (two types: transition and physical) as evaluation criteria. It also comprehensively observes domestic and foreign sustainable trends, industrial characteristics, and climate-related issues that are of greatest concern to the industry. Key and material climate risks are identified and selected based on their probability of occurrence and level of impact. Response strategies and planning are formulated based on the analysis and evaluation results. Please refer to Chapter 4, Environmental Protection, of the 2024 Sustainability Report for more information.

(5) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.
The Company has not yet conducted scenario analysis and assessment, and plans are still under consideration.

(6) If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.

The Company has not yet formulated a transition plan in response to the management of climate-related risks, and plans are still under consideration.

(7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.

The Company has not yet implemented internal carbon pricing, and plans are still under consideration.

(8) If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.

The Company has not yet used carbon credits or renewable energy certificates (RECs) as carbon reduction tools.

The goals related to climate change are disclosed as follows:

- Carbon reduction target: Introduce the ISO 14064 Greenhouse Gas Inventory Mechanism, and establish related management systems and operating guidelines. The schedule of the disclosure and assurance planning is based on the “Sustainable Development Roadmap” published by the Financial Supervisory Commission. For details, please refer to item (9) below.
  The Company promotes various energy-saving and carbon reduction measures, aiming to reduce carbon emissions by 1% to 2% per year, and achieve net zero carbon emissions by 2050. The equivalent greenhouse gas emission converted from the electricity consumption in 2024 is 381 metric tons CO2e, an increase of 10.43% from 2023. The increase in power consumption is mainly due to the increase in business of the subsidiary, Audix Technology Corporation, in 2024, resulting in the increase in power consumption.
- Water conservation target: The Company is committed to enhancing all water conservation measures, in order to achieve the goal of reducing water consumption by 1% to 2% per year compared to the previous year. In 2024, total water consumption amounted to 4,061 metric tons, an increase of 0.87% from 2023. The increase in water usage is very small.

- Waste reduction target: Establish a waste management system and reduce waste by treating waste in a correct and effective manner to reduce major environmental impacts caused by waste removal or disposal, and aim to achieve a reduction of at least 1% to 2% of weight per year compared to the previous year. The total weight of waste equivalent to 0.9 metric tons in 2024 is 69.90% less than 2023. The significant decrease in waste is mainly due to the removal of waste pallets, and no other industrial waste.

Explanation: The above statistics are based on self-assessment results covering the parent company and the subsidiary, Audix Technology Corporation, whose operations are located in the Taipei office building. In the future, the Company will complete the greenhouse gas inventory in accordance with regulatory timelines and set reduction targets, strategies, and concrete action plans accordingly.

(9) Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information: Describe the emission volume (metric tons CO_2e), intensity (metric tons CO_2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

1-1-2 Greenhouse Gas Assurance Information: Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan: Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

The Company will disclose relevant information in accordance with the time horizon required by relevant laws and regulations (disclosure by stage and based on the amount of paid-in capital). The Company is a TWSE listed company with the paid-in capital less than NT$5 billion, so its anticipated disclosure schedule is as follows:

1-1 Information related to greenhouse gas inventory and assurance:
Parent company only:
The disclosure of information on inventory will be completed in 2026;
The disclosure of information on assurance will be completed in 2028.
Entities included in the consolidated financial statements:
The disclosure of information on inventory will be completed in 2027;
The disclosure of information on assurance will be completed in 2029.

1-2 Reduction targets, strategy, and concrete action plan:
Parent company and entities included in the consolidated financial statements:
The disclosure of information will be completed in 2027.

(VI) Implementation of ethical corporate management and deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and approaches (I) Has the company established an ethical corporate management policy that was approved by the Board of Directors, and declared its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?	✓		(I) The Company has adopted the "Ethical Corporate Management Best-Practice Principles" and the "Code of Ethical Conduct" that were approved by the Board of Directors and explicitly state its ethical corporate management policy, and published these principles on the Company's website and the Market Observation Post System. The Board members and senior management are all committed to the ethical corporate management policy and put it into actual practice in internal management and external commercial activities.	No difference.
(II) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles" for TWSE /TPEx Listed Companies?	✓		(II) The Company's "Ethical Corporate Management Best -Practice Principles" clearly prohibit unethical behaviors including offering and acceptance of bribes, illegal political donations, improper charitable donations or sponsorship, unreasonable presents or hospitality, or other improper benefits, misappropriation of trade secrets and infringement of intellectual property rights, and engaging in unfair competitive practices. In addition to annual education, it also set up the reporting sectionon its official website for the reporting of any illegal conducts or behaviors in violation of the "Ethical Corporate Management Best-Practice Principles" and "Ethical Corporate Management Best-Practice Principles."	

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
(III) Does the Company have a prevention program for any fraud stipulated, respective operating procedures, behavior guidelines, disciplinary actions, complaints system and to declare explicitly, implement substantively and also review and revise them periodically?	✓		(III) The Company adopted the "Ethical Corporate Management Best-Practice Principles" to help employees have a better understanding about the regulations and prevent unethical behaviors while conducting business. It also adopted the "Procedures for handling the reports of illegal or unethical behaviors or misconducts" to encourage the reporting of unethical behaviors by internal or external personnel, and set up the reporting section on its website as a channel. Dedicated personnel will handle in accordance with these procedures. Once misconducts of employees are verified, employees will be warned or punished in accordance with the "Regulations for Employee Reward and Punishment" and depending on the severity and materiality according to the "Ethical Corporate Management Best-Practice Principles"	No difference.
II. Implementation of ethical corporate management (I) Does the company evaluate the ethical records of parties it does business with and stipulate ethical conduct clauses in business contracts?	✓		(I) The Company's "Ethical Corporate Management Best-Practice Principles" clearly stipulates that before business dealings, the legitimacy of the counterparties and whether they are involved in unethical conduct should be taken into account, to avoid trading with those involved in unethical conduct. When entering into contracts with counterparties, the content of which shall include terms requiring compliance with ethical corporate management policies and that if the trading counterparty is involved in unethical conduct, the contract may be terminated or rescinded at any time. The legal unit should be notified of the contract and have the contract documents reviewed in accordance with their professional	No difference.

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
			knowledge. The rights and obligations of both parties should be clearly defined in the contract and the confidentiality clause should be signed.	
(II) Does the company have a unit that supports ethical management practices on a full-time basis under the Board of Directors, and reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors and oversees the operations?	✓		(II) For sound management of ethical corporate management, the "Governance (G) Sustainability Promotion Team" under the "Sustainable Development Promotion Task Force" is the designated unit responsible for the formulation and supervision of the implementation of ethical corporate management policies and prevention programs, and reports to the Board of Directors regularly (at least once a year). The dedicated unit has completed the 2024 ethical management operation report as approved by the Board of Directors on March 6, 2025. The implementation of 2024 is as follows: 1. Intellectual Property Management The Company has established an intellectual property management plan and regularly reports the implementation status to the Board of Directors every year. The Company presented the 2024 intellectual property management implementation report to the Board of Directors on November 1, 2024. 2. Education and training (1) The Company has offered E-learning courses to all relevant personnel from October 14 to October 28, 2024, and arranged the tests after the courses. The course covered corporate corruption and prevention (ethical management), the common reasons for unethical practices, and the preventive measures. A total of 65 people participated in the course for 1 hour. In addition, the Company provided a streaming link to the directors who are not employees.	No difference.

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
			(2) The Company has incorporated the above-mentioned awareness courses into the education and training materials for new employees. (3) The Company has assigned relevant personnel to participate in the "2024 Insider Trading Prevention Seminar" held by the Taiwan Stock Exchange. 3. Conflict of interest For the avoidance of Directors' conflicts of interest, please refer to the Company's annual report "Chapter 2. Corporate Governance Report, II.Implementation of corporate governance, (I) Operations of the Board." 4. Whistleblowing system and whistleblower protection The Company has established the "Procedures for handling the reports of illegal or unethical behaviors or misconducts," and set up the "Reporting Section" on the Company's website to provide internal or external personnel to report any illegal or unethical acts or acts in violation of the Code of Ethical Conduct or the Ethical Corporate Management Best-Practice Principles, and has assigned dedicated personnel to handle the reports. No whistleblowing cases were received during the year.	
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	✓		(III) In terms of conflicts of interest, an internal employee of the Company can report to his or her direct supervisor to prevent such conflicts. For a matter proposed in the Board of Directors' meeting with conflict of interest, the principles of recusal shall apply, and personnel in interest shall not participate in the discussion and voting.	No difference.

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
(IV) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit in compliance with the unethical conduct prevention plan or engage a CPA to perform the audit?	✓		(IV) In order to facilitate ethical management, the Company has established a set of effective accounting policy and internal control system, and the internal audit personnel carries out regular audit on the implementation of said policy and system. In addition, through the Company's annual internal control self-evaluation, it can affirm the effectiveness of the design and performance of the said system.	No difference.
(V) Does the Company organize internal or external training on a regular basis to maintain ethical management?	✓		(V) The Company prepares the online education and promotion course for ethical management and arrange regular employee education and training every year. Moreover, it also assigns relevant personnel to participate in external ethical management lectures for strengthening its ethical management policy.	
III. Operation of whistle-blowing system (I) Whether the Company defines a specific whistle-blowing and reward system, and establishes some convenient whistle-blowing channel, and assigns competent dedicated personnel to deal with the situation?	✓		(I) The Company has established the specific "Procedures for handling the reports of illegal or unethical behaviors or misconducts," and the "Code of Ethical Conduct" and "Ethical Corporate Management Best-Practice Principles" also define relevant provisions of whistle-blowing system. The Company also set up the reporting section on its website as an access for whistle blowing of any behaviors that are illegal or in violation of the "Ethical Corporate Management Best-Practice Principles" and "Ethical Corporate Management Best-Practice Principles" by internal and external personnel. Responsible personnel are assigned to investigate and handle specific issues, and relevant information will be disclosed on the Company's website.	No difference.

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
(II) Does the company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation?	✓		(II) Provided in the Company's "Procedures for handling the reports of illegal or unethical behaviors or misconducts," the procedures for handling the reporting cases include signing a non-disclosure agreement for the identity of whistle-blowers and report content and restricting access. The report, process of investigation and result shall all be recorded and saved, and once the case is verified, the Company shall review relevant internal control system and procedures and report corrective measures to the Board of Directors.	No difference.
(III) Has the Company adopted any measures to prevent the whistle-blowers from being abused after whistle-blowing?	✓		(III) According to the Company's "Procedures for handling the reports of illegal or unethical behaviors or misconducts," the identity of whistle-blowers shall be strictly kept secret to prevent the whistle-blowers from being abused after whistle-blowing.	
IV. Enhancing information disclosure Does the company disclose information regarding the company's ethical corporate management principles and implementation status on its website and the Market Observation Post System?	✓		The Company has disclosed the "Ethical Corporate Management Best-Practice Principles" on its website and the Market Observation Post System, and its implementation on its website and annual report.	No difference.
V. If the company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies," describe any difference with the principles and implementation status: The Company has established the "Ethical Corporate Management Best-Practice Principles," and there is no deviation between actual operations and the Company's Best-Practice Principles.				

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the company’s implementation of ethical corporate management:
1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, laws and regulations for public companies or other laws and regulations governing business conducts as the basis to facilitate ethical corporate management.
2. The Company has adopted the “Procedures for Handling Material Inside Information and Preventing Insider Trading” that prohibit directors, executive officers and employees leaking internal material information to others, and inquiring or collecting undisclosed internal material information that is irrelevant to his or her job from personnel who knows material information of the Company; any undisclosed internal material information of the Company acquired not from his or her duties shall not be disclosed to others.
3. The Company has the “Corporate Governance Best Practice Principles” in place, and in order to further protect shareholder rights and realize shareholder equality, insiders are prohibited from trading stock before public announcements of financial and business information.</td></tr>
</table>

(VII) Other significant information which may improve the understanding of corporate governance and operation

1. Material information is simultaneously disclosed on the Market Observation Post System and the Company's website to enhance the transparency of information and availability to investors.
2. The Company regularly holds investor conferences at least once a year, and the relevant materials of the investor conference are disclosed on the Company's website and the Market Observation Post System.

(VIII) Implementation of internal control system

1. Internal Control System Statement: Please refer to the MOPS.

   Market Observation Post System (MOPS) > Individual Company > Corporate Governance > Company Regulations / Internal Control > Internal Control Statement Disclosure.

   https://mops.twse.com.tw/mops/#/web/t06sg20
2. If the company engages an accountant to examine its internal control system, disclose the CPA examination report: None.

(IX) Important resolutions adopted in shareholders' meetings and Board of Directors' meetings during the most recent year and up to the date of publication of the annual report:

1. Major resolutions of the shareholders' meeting and implementation

Date	Major resolutions	Implementation status
2024.06.12	1. Acknowledgment of the 2023 annual final accounting books. 2. Discussion of the amendment to the "Articles of Incorporation."	1. The resolution was passed. 2. The resolution was passed, and matters are being handled in accordance with the amended Articles of Incorporation, which were approved by and registered with the Ministry of Economic Affairs on July 5, 2024 and disclosed on the Company website.

2. Major resolutions of the Board of Directors

Date	Major resolutions
2024.03.14	1. Passed the 2023 Internal Control System Statement. 2. Passed the review of remuneration to Chairman and Directors examined by the Remuneration Committee. 3. Passed the review of remuneration policy and system for executive officers examined by the Remuneration Committee. 4. Passed the proposal of 2023 directors remuneration and employees compensation distribution. 5. Passed the 2023 Business Report and financial statements and consolidated financial statements. 6. Passed the 2023 earnings distribution plan. 7. Passed the 2024 business plan. 8. Passed the change of CPAs due to an internal adjustment of the engaged accounting firm and the Company's evaluation on CPAs' independence and competence, as well as their appointments. 9. Passed the amendments of the Company's "Articles of Incorporation".

Date	Major resolutions
	10. Passed the amendment of the Company's "Rules of Procedure for Board of Directors Meetings". 11. Passed the amendment of the Company's "Audit Committee Charter". 12. Passed related matters of convening the Company's 2024 annual shareholders' meeting. 13. Passed the application of credit facility to Cathay United Bank.
2024.05.02	1. Passed the Consolidated Financial Statements for Q1 2024. 2. Passed the application of credit facility to Far Eastern International Bank.
2024.08.01	1. Passed the Consolidated Financial Statements for the first half of 2024. 2. Passed the donation of NT$500 thousand to the Hong Bao Charitable Foundation. 3. Passed the proposal of the Company's 2023 directors' remuneration distribution. 4. Passed the proposal of the Company's 2023 executive officers and employees' remuneration distribution.
2024.11.01	1. Passed the 2025 Annual Audit Plan and filing of the list of internal auditors and deputies. 2. Passed the Consolidated Financial Statements for Q3 2024. 3. Passed the appointment and compensation of the Company's CPAs. 4. Passed the formulated of the Company's "Sustainable Reporting and Assurance Procedures." 5. Passed the amendment of the Company's "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises". 6. Passed the amendment of the Company's "Corporate Governance Best Practice Principles" 7. Passed the amendment of the Company's "Ethical Corporate Management Best Practice Principles".
2024.12.30	1. Passed the formulated of the Company's "Sustainable Information Management Regulations." 2. Passed the establishment of the "Sustainable Information Management Regulations" as part of the internal control system and the implementation rules for internal audits. 3. Passed the Company's 2024 annual bonus distribution for executive officers. 4. Passed the application of credit facility to Taishin Bank.
2025.03.06	1. Passed the 2024 Internal Control System Statement. 2. Passed the review of remuneration to Chairman and Directors examined by the Remuneration Committee. 3. Passed the review of remuneration policy and system for executive officers examined by the Remuneration Committee. 4. Passed the proposal of 2024 directors remuneration and employees compensation distribution. 5. Passed the Company's 2024 remuneration to directors. 6. Passed the 2024 Business Report and financial statements and consolidated financial statements.

Date	Major resolutions
	7. Passed the 2024 earnings distribution plan. 8. Passed the 2025 business plan. 9. Passed the evaluation of independence and competency and appointment of the Company's CPAs. 10. Passed the amendments of the Company's "Articles of Incorporation". 11. Passed the proposal of election of all Directors (including Independent Directors) due to end of current term of office. 12. Passed the nomination of Director candidates (including Independent Director candidates) for 2025 by the Board of Directors. 13. Passed the release of the newly elected Directors from the non-competition obligations. 14. Passed related matters of convening the Company's 2025 annual shareholders' meeting.

(X) Directors have dissenting opinions that have been noted in the record or declared in writing in connection with the material resolutions passed by the Board of Directors during the most recent year and up to the printing date of the annual report: None.

III. Information on the professional fees of the attesting CPAs

Unit: NT$ thousand

Name of accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total	Remarks
Ernst & Young Taiwan	Yu, Chien-Ju	2024.01.01 ~ 2024.12.31	3,580	710	4,290	Note 1
	Hsu, Hsin-Min.					
Whole Time &Co., CPAs	Chen, Chih-Kuang	N/A	—	8	8	Note 2

Note 1: Fees for the audit of income tax and filing of undistributed profit tax and transfer pricing report.

Note 2: Agency fees for company change registration, amendment of Articles of Incorporation, and so on.

(I) If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amounts of the audit fees before and after the replacement and the causes shall be disclosed: None.

(II) If the audit fees were reduced more than 10% from that of the prior year, the reduction amount, percentage and reasons for the reduction of audit fees shall be disclosed: None.

IV. Information on replacement of CPA:

(I) Information regarding the former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="3">March 14, 2024</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="3">Due to an internal organizational adjustment of the accounting firm.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td>Parties
Circumstances</td><td>CPA</td><td>The Company</td></tr>
<tr><td>Terminated the engagement</td><td>V</td><td></td></tr>
<tr><td>No longer accepted (discontinued) the engagement</td><td></td><td></td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons.</td><td colspan="3">None</td></tr>
<tr><td rowspan="7">Disagreement with the Company?</td><td rowspan="5">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial reports</td></tr>
<tr><td></td><td>Audit scope or steps</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>No</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Specify details</td></tr>
<tr><td>Other disclosures
(Any matters required to be disclosed under sub-items d to g of Article 10.6.A)</td><td colspan="3">None</td></tr>
</table>

(II) Information Regarding the Successor CPAs

Name of accounting firm	Ernst & Young Taiwan
Name of CPA	CPA Yu, Chien-Ju CPA Hsu, Hsin-Min
Date of engagement	March 14, 2024
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the Company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

(III) The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: None.

V. The chairperson, president, financial or accounting manager of the company who had worked for the certifying accounting firm or its affiliated enterprise in the past year: None.

VI. Share transfer by Directors, managers and shareholders holding more than 10% interests and changes to share pledging by them in the most recent year and up to the printing date of the annual report: Please refer to the MOPS.

Equity Transfer:

Market Observation Post System (MOPS) > Individual Company > Equity Changes / Securities Issuance > Equity Transfer Information Inquiry > Post-Reporting Statement on Insider Shareholding Changes.

https://mops.twse.com.tw/mops/#/web/query6_1

Changes in Pledged Shareholding:

Market Observation Post System (MOPS) > Individual Company > Equity Changes / Securities Issuance > Insider Share Pledge / Release of Pledge > Insider Share Pledge / Release of Pledge Announcement.

https://mopsov.twse.com.tw/mops/web/STAMAK03_1

VII. Information on relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree)

March 31, 2025; Unit: Share

Name	Shares held		Shares held by spouse and minors		Shares held in the name of others		Related party (between top 10 shareholders)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
JSJK Holding Co., Ltd.	7,682,748	7.28%	0	0.00%	0	0.00%	Chung, Cheng-Hung	Responsible person is the same person	—
Chung, Cheng-Hung	7,532,965	7.13%	1,893,559	1.79%	4,851,000	4.59%	Kuo, Hsiu-Pao	Spouse	—
							Chung, Yuan-Kai	Father and son	
							Chung, Yuan-Chi	Father and son	
E.SUN Bank Trust Account – Chung, Cheng-Hung	6,000,000	5.68%	0	0.00%	0	0.00%	Chung, Cheng-Hung	Trustor	—
Hong Bao Investment Co., Ltd.	4,851,000	4.59%	0	0.00%	0	0.00%	Chung, Cheng-Hung	Responsible person is the same person	—
E.SUN Bank Trust Account – Kuo, Hsiu-Pao	4,000,000	3.79%	0	0.00%	0	0.00%	Kuo, Hsiu-Pao	Trustor	—
Chung, Yuan-Kai	2,968,800	2.81%	204,000	0.19%	0	0.00%	Chung, Cheng-Hung	Father and son	—
							Kuo, Hsiu-Pao	Mother and son	
							Chung, Yuan-Chi	Brothers	
Chung, Yuan-Chi	2,870,039	2.72%	284,000	0.27%	0	0.00%	Chung, Cheng-Hung	Father and son	—
							Kuo, Hsiu-Pao	Mother and son	
							Chung, Yuan-Kai	Brothers	

Name	Shares held		Shares held by spouse and minors		Shares held in the name of others		Related party (between top 10 shareholders)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Deutsche Bank Managed SPDR® MSCI Emerging Markets	2,308,657	2.19%	0	0.00%	0	0.00%	—	—	—
Kuo, Hsiu-Pao	1,893,559	1.79%	7,532,965	7.13%	0	0.00%	Chung, Cheng-Hung	Spouse	—
							Chung, Yuan-Kai	Mother and son	
							Chung, Yuan-Chi	Mother and son	
Lo, Chi-Hung	1,715,793	1.62%	1,035,509	0.98%	0	0.00%	—	—	—

VIII. The number of shares of the same invested company held by the Company, the Company's Directors, managers, and the businesses controlled directly or indirectly by the Company, and the consolidated shareholding ratio

December 31, 2024; Unit: shares; %

Reinvestment entities (Note)	Investment by the Company		Enterprise invested by Directors and managerial officers, and company controlled either directly or indirectly by the Company		Combined investment	
	shares	%	shares	%	shares	%
Audix Hi-Tech Investment Co., Ltd.	—	100.00	—	—	—	100.00
Toyo Kuni Electronics Co. Ltd.	—	100.00	—	—	—	100.00
Audit Technology Corporation	20,000,000	100.00	—	—	20,000,000	100.00
WaveGis Technology Co., Ltd.	2,887,786	38.16	59,744	0.79	2,947,530	38.95

Note: Investment accounted for using equity method.

Chapter 3. Capital Overview

I. Capital and shareholding

(I) Source of capital

1. Capital formation as of the printing date of the annual report: April 15, 2025

Year/ Month	Issue price (NT$)	Authorized capital		Paid-in capital		Notes		
		Number of shareholding (share)	Amount (NT$)	Number of shareholding (share)	Amount (NT$)	Capital source	Offset by any property other than cash	Other
1999.07	10	100,000,000	1,000,000,000	46,200,000	462,000,000	Capital increase through earnings NT$42 million	–	Note 1
2000.05	10	100,000,000	1,000,000,000	60,600,000	606,000,000	Capital increase through earnings NT$144 million	–	Note 2
2001.05	10	100,000,000	1,000,000,000	76,800,000	768,000,000	Capital increase through earnings NT$162 million	–	Note 3
2002.06	10	160,000,000	1,600,000,000	90,000,000	900,000,000	Capital increase through earnings NT$132 million	–	Note 4
2003.07	10	160,000,000	1,600,000,000	95,156,173	951,561,730	NT$51,561,730 converted from convertible corporate bonds	–	Note 5
2003.08	10	160,000,000	1,600,000,000	105,836,173	1,058,361,730	Capital increase through earnings NT$106.8 million	–	Note 6
2003.10	10	160,000,000	1,600,000,000	109,455,597	1,094,555,970	NT$31,874,240 converted from convertible corporate bonds and NT$4,320,000 converted from employee stock warrants	–	Note 7
2004.01	10	160,000,000	1,600,000,000	110,124,238	1,101,242,380	NT$4,114,410 converted from convertible corporate bonds and NT$2,572,000 converted from employee stock warrants	–	Note 8
2004.04	10	160,000,000	1,600,000,000	110,897,603	1,108,976,030	NT$7,343,650 converted from convertible corporate bonds and NT$390,000 converted from employee stock warrants	–	Note 9
2004.08	10	160,000,000	1,600,000,000	110,926,811	1,109,268,110	NT$52,080 converted from convertible corporate bonds and NT$240,000 converted from employee stock warrants	–	Note 10
2004.08	10	160,000,000	1,600,000,000	108,650,811	1,086,508,110	Capital reduction through cancellation of treasury stock of NT$22,760,000	–	Note 11
2004.10	10	200,000,000	2,000,000,000	119,324,955	1,193,249,550	Capital increase of NT$106,741,440 through earnings	–	Note 12
2004.11	10	200,000,000	2,000,000,000	119,435,755	1,194,357,550	NT$1,108,000 converted from employee stock warrants	–	Note 13
2005.01	10	200,000,000	2,000,000,000	119,516,155	1,195,161,550	NT$804,000 converted from employee stock warrants	–	Note 14
2005.04	10	200,000,000	2,000,000,000	119,538,555	1,195,385,550	NT$224,000 converted from employee stock warrants	–	Note 15
2005.07	10	200,000,000	2,000,000,000	120,286,610	1,202,866,100	NT$6,742,550 converted from convertible corporate bonds and NT$738,000 converted from employee stock warrants	–	Note 16

Year/ Month	Issue price (NT$)	Authorized capital		Paid-in capital		Notes		
		Number of shareholding (share)	Amount (NT$)	Number of shareholding (share)	Amount (NT$)	Capital source	Offset by any property other than cash	Other
2005.09	10	200,000,000	2,000,000,000	126,271,104	1,262,711,040	Capital increase of NT$59,844,940 through earnings	－	Note 17
2005.11	10	200,000,000	2,000,000,000	130,776,190	1,307,761,900	NT$43,622,860 converted from convertible corporate bonds and NT$1,428,000 converted from employee stock warrants	－	Note 18
2006.01	10	200,000,000	2,000,000,000	131,554,377	1,315,543,770	NT$7,117,870 converted from convertible corporate bonds and NT$664,000 converted from employee stock warrants	－	Note 19
2006.04	10	200,000,000	2,000,000,000	132,744,945	1,327,449,450	NT$11,527,680 converted from convertible corporate bonds and NT$378,000 converted from employee stock warrants	－	Note 20
2006.07	10	200,000,000	2,000,000,000	135,068,076	1,350,680,760	NT$23,055,310 converted from convertible corporate bonds and NT$176,000 converted from employee stock warrants	－	Note 21
2006.09	10	200,000,000	2,000,000,000	142,542,390	1,425,423,900	Capital increase of NT$74,743,140 through earnings	－	Note 22
2006.10	10	200,000,000	2,000,000,000	143,349,988	1,433,499,880	NT$5,471,980 converted from convertible corporate bonds and NT$2,604,000 converted from employee stock warrants	－	Note 23
2007.01	10	200,000,000	2,000,000,000	144,740,614	1,447,406,140	NT$10,936,260 converted from convertible corporate bonds and NT$2,970,000 converted from employee stock warrants	－	Note 24
2007.04	10	200,000,000	2,000,000,000	145,065,569	1,450,655,690	NT$1,947,550 converted from convertible corporate bonds and NT$1,302,000 converted from employee stock warrants	－	Note 25
2007.07	10	200,000,000	2,000,000,000	148,680,404	1,486,804,040	NT$34,082,350 converted from convertible corporate bonds and NT$2,066,000 converted from employee stock warrants	－	Note 26
2007.08	10	200,000,000	2,000,000,000	152,510,610	1,525,106,100	Capital increase of NT$38,302,060 through earnings	－	Note 27
2007.10	10	200,000,000	2,000,000,000	153,010,610	1,530,106,100	NT$5,000,000 converted from employee stock warrants	－	Note 28
2008.08	10	250,000,000	2,500,000,000	157,075,769	1,570,757,690	Capital increase of NT$40,651,590 through earnings	－	Note 29
2008.12	10	250,000,000	2,500,000,000	153,075,769	1,530,757,690	Capital reduction through cancellation of treasury stock of NT$40,000,000	－	Note 30
2009.11	10	250,000,000	2,500,000,000	147,075,769	1,470,757,690	Capital reduction through cancellation of treasury stock of NT$60,000,000	－	Note 31
2010.10	10	250,000,000	2,500,000,000	145,075,769	1,450,757,690	Capital reduction through cancellation of treasury stock of NT$20,000,000	－	Note 32

Year/ Month	Issue price (NT$)	Authorized capital		Paid-in capital		Notes		
		Number of shareholding (share)	Amount (NT$)	Number of shareholding (share)	Amount (NT$)	Capital source	Offset by any property other than cash	Other
2013.04	10	250,000,000	2,500,000,000	142,075,769	1,420,757,690	Capital reduction through cancellation of treasury stock of NT$30,000,000	—	Note 33
2014.08	10	250,000,000	2,500,000,000	113,660,615	1,136,606,150	Capital reduction of NT$284,151,540 in cash	—	Note 34
2015.09	10	250,000,000	2,500,000,000	112,460,615	1,124,606,150	Capital reduction through cancellation of treasury stock of NT$12,000,000	—	Note 35
2015.12	10	250,000,000	2,500,000,000	107,300,615	1,073,006,150	Capital reduction through cancellation of treasury stock of NT$51,600,000	—	Note 36
2019.03	10	250,000,000	2,500,000,000	105,900,615	1,059,006,150	Capital reduction through cancellation of treasury stock of NT$14,000,000	—	Note 37
2020.09	10	250,000,000	2,500,000,000	105,595,615	1,055,956,150	Capital reduction through cancellation of treasury stock of NT$3,050,000	—	Note 38

Note 1: Approved by the letter (1999) Tai-Cai-Zheng-(Yi) No. 62609 issued on July 8, 1999.
Note 2: Approved by the letter (2000) Tai-Cai-Zheng-(Yi) No. 42955 issued on May 18, 2000.
Note 3: Approved by the letter (2001) Tai-Cai-Zheng-(Yi) No. 125678 issued on May 10, 2001.
Note 4: Approved by the letter (2002) Tai-Cai-Zheng-(Yi) No. 134252 issued on June 24, 2002.
Note 5: Approved by the letter Jing-Shou-Shang-Zi No. 092012039750 issued on July 8, 2003.
Note 6: Approved by the letter Jing-Shou-Shang-Zi No. 09201241090 issued on August 11, 2003.
Note 7: Approved by the letter Jing-Shou-Shang-Zi No. 09201290050 issued on October 9, 2003.
Note 8: Approved by the letter Jing-Shou-Shang-Zi No. 09301001680 issued on January 13, 2004.
Note 9: Approved by the letter Jing-Shou-Shang-Zi No. 09301061700 issued on April 19, 2004.
Note 10: Approved by the letter Jing-Shou-Shang-Zi No. 09301144790 issued on August 3, 2004.
Note 11: Approved by the letter Jing-Shou-Shang-Zi No. 09301154240 issued on August 31, 2004.
Note 12: Approved by the letter Jing-Shou-Shang-Zi No. 09301197930 issued on October 18, 2004.
Note 13: Approved by the letter Jing-Shou-Shang-Zi No. 09301202670 issued on November 4, 2004.
Note 14: Approved by the letter Jing-Shou-Shang-Zi No. 09401008730 issued on January 17, 2005.
Note 15: Approved by the letter Jing-Shou-Shang-Zi No. 09401065800 issued on April 19, 2005.
Note 16: Approved by the letter Jing-Shou-Shang-Zi No. 09401144210 issued on July 27, 2005.
Note 17: Approved by the letter Jing-Shou-Shang-Zi No. 09401183570 issued on September 19, 2005.
Note 18: Approved by the letter Jing-Shou-Shang-Zi No. 09401219100 issued on November 4, 2005.
Note 19: Approved by the letter Jing-Shou-Shang-Zi No. 09501011720 issued on February 10, 2006.
Note 20: Approved by the letter Jing-Shou-Shang-Zi No. 09501072400 issued on April 21, 2006.
Note 21: Approved by the letter Jing-Shou-Shang-Zi No. 09501142000 issued on July 13, 2006.
Note 22: Approved by the letter Jing-Shou-Shang-Zi No. 09501210640 issued on September 18, 2006.
Note 23: Approved by the letter Jing-Shou-Shang-Zi No. 09501234990 issued on October 18, 2006.
Note 24: Approved by the letter Jing-Shou-Shang-Zi No. 09601016960 issued on January 24, 2007.
Note 25: Approved by the letter Jing-Shou-Shang-Zi No. 09601079910 issued on April 17, 2007.
Note 26: Approved by the letter Jing-Shou-Shang-Zi No. 09601173820 issued on July 25, 2007.
Note 27: Approved by the letter Jing-Shou-Shang-Zi No. 09601204790 issued on August 22, 2007.
Note 28: Approved by the letter Jing-Shou-Shang-Zi No. 09601259010 issued on October 22, 2007.
Note 29: Approved by the letter Jing-Shou-Shang-Zi No. 09701207640 issued on August 28, 2008.
Note 30: Approved by the letter Jing-Shou-Shang-Zi No. 09801001250 issued on January 9, 2009.
Note 31: Approved by the letter Jing-Shou-Shang-Zi No. 09801270780 issued on November 24, 2009.
Note 32: Approved by the letter Jing-Shou-Shang-Zi No. 09901240570 issued on October 28, 2010.
Note 33: Approved by the letter Jing-Shou-Shang-Zi No. 10201059880 issued on April 2, 2013.
Note 34: Approved by the letter Jing-Shou-Shang-Zi No. 10301169280 issued on August 14, 2014.
Note 35: Approved by the letter Jing-Shou-Shang-Zi No. 10401190820 issued on September 10, 2015.
Note 36: Approved by the letter Jing-Shou-Shang-Zi No. 10401255880 issued on December 4, 2015.
Note 37: Approved by the letter Jing-Shou-Shang-Zi No. 10801033280 issued on March 29, 2019.
Note 38: Approved by the letter Jing-Shou-Shang-Zi No. 10901170720 issued on September 16, 2020.

2. Type of shares

As of the printing date of the annual report: April 15, 2025; Unit: Share

Type of stock	Authorized capital			Notes
	Outstanding shares	Unissued shares	Total	
Name-bearer common shares	105,595,615	144,404,385	250,000,000	Listed shares

3. Information on shelf registration: None.

(II) List of major shareholders: Top 10 shareholders by shareholding

March 31, 2025

Name of major shareholder \ Shares	Number of shares held	Shareholding percentage
JSJK Holding Co., Ltd.	7,682,748	7.28%
Chung, Cheng-Hung	7,532,965	7.13%
E.SUN Bank Trust Account – Chung, Cheng-Hung	6,000,000	5.68%
Hong Bao Investment Co., Ltd.	4,851,000	4.59%
E.SUN Bank Trust Account – Kuo, Hsiu-Pao	4,000,000	3.79%
Chung, Yuan-Kai	2,968,800	2.81%
Chung, Yuan-Chi	2,870,039	2.72%
Deutsche Bank Managed SPDR® MSCI Emerging Markets	2,308,657	2.19%
Kuo, Hsiu-Pao	1,893,559	1.79%
Lo, Chi-Hung	1,715,793	1.62%

(III) Dividend Policy and Implementation

1. Dividend policy as defined in the Articles of Incorporation

According to Article 26-1 of the Company's Articles of Incorporation: If there is net income in the Company's annual final accounts, it should be applied in the order as shown below:

(1) Payment of taxes.

(2) Make up for accumulated losses (including the amount adjusted to undistributed earnings).

(3) Setting aside 10% legal for reserve, except for when accumulated legal reserve has reached the Company's paid-in capital.

(4) Appropriate or reverse special reserve in accordance with the regulations of the competent authority. When the Company provides for special reserve, if the "cumulative amount of net increase in fair value of investment properties in the prior period" and the "cumulative amount of net decrease in other equity in the prior period" are not sufficient, the same amount of special reserve should be provided from the prior period's undistributed earnings prior to the distribution of earnings. If the amount is not sufficient, the Company should further set aside from the current period's net profits after tax plus other items to be included in the current period's undistributed earnings.

(5) The balance amount (referred to as "net income" hereinafter), if any, is to be distributed to shareholders along with the undistributed profit at the beginning of the same year according to the earnings distribution proposal of the Board of Directors, which shall be presented in the shareholders' meeting for resolutions.

In the case of distributing dividends to shareholders in the preceding paragraph or distributing all or part of the legal reserve and additional paid-in capital in the form of cash, a resolution must be adopted by a majority vote at the Board meeting attended by two-thirds of the total number of Directors, and a report of such distribution shall be submitted to the shareholders' meeting.

In terms of the Company's dividend policy, the Company has the earnings distribution plan formed by taking into account the current and future development plans, capital needs, competition and changes in the industrial environment, shareholders' interests, and the Company's long-term financial planning. The Company's annual shareholder dividends are for an amount not less than 50% of the net income.

The distribution of earnings in the preceding paragraph can be made in the form of cash dividends or stock dividends. In order to respond to the growth of innovative electronic technology and to acknowledge the Company's entering a stable growth period currently, the distribution of earnings is given priority to cash dividends, and the distribution of stock dividends is also available. However, the distribution ratio of cash dividends shall not be less than 50% of the total dividends distributed in the current year.

2. Allocation of dividends proposed at the shareholders' meeting in the current year: a cash dividend of NT$4.0 per share from earnings.
3. Explanation for expected material change in dividend policy: There is no material change expected in the Company's dividend policy.

(IV) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the shareholders' meeting in the current year

Not applicable. There is no stock dividend distribution proposed in this shareholders' meeting.

(V) Compensation of employees and Directors

1. The percentages or scope with respect to employees' and Directors' compensation set forth in the Company's Articles of Incorporation

Percentage: If the Company makes profits (the so-called profit refers to the net income before tax deducting the distribution of remuneration to employees and Directors) for the year, an amount equivalent to not less than 2.5% and not more than 5% of the profits should be appropriated as remuneration to employees and an amount equivalent to 3% or less of the profits appropriated as remuneration to Directors.

Scope: Employee remuneration in the form of shares or cash may also be distributed to the employees of the controlled companies or subsidiaries who meet certain conditions, and the said conditions are to be determined by the Board of Directors.

2. The basis for estimating the amount of compensation for employees and Directors, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

If there is discrepancy between the actual distributed amount and the estimated figure, it is treated as change of accounting estimates, and the discrepancy is recognized as profit or loss in the following year.

3. Information on distribution of remuneration approved by the Board of Directors
   (1) The amount of any employee's compensation and Directors' remuneration distributed in the form of cash or stock:
      A. Employees compensation in cash: NT$ 20,017,000.
      B. Employees compensation in stock: None.
      C. Directors' Remuneration: NT$ 6,300,000

      The aforementioned amount of the proposed distribution is the same as estimated in 2024.
   (2) Amount of employee's compensation distributed in the form of stock and as a percentage of the after-tax profit provided in current year's parent company only financial statements and total employee compensation combined: None.
4. The actual distribution of employees' and Directors' compensation in the previous year (including distributed shares, amount and stock price), and, if there is any discrepancy between the actual distribution and the recognized employees' or Directors' compensation, additionally the discrepancy, cause, and how it is treated.

   The Company's estimated employee compensation in 2023 was NT$ 20,762,000, and the compensation to Directors was NT$ 6,300,000. There is no difference between the estimated amount and the actual amount distributed.

(VI) Status of shares buyback: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of global depositary receipts (GDR): None.

V. Issuance of employee stock warrants: None.

VI. Issuance of new restricted employee shares: None.

VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.

VIII. Financing plans and implementation: None.

Chapter 4. Business Overview

I. Business activities

(I) Business Scope

1. Main Content

(1) C805050 Industrial Plastic Products Manufacturing.

(2) C805070 Reinforced Plastic Products Manufacturing.

(3) C805990 Other Plastic Products Manufacturing.

(4) CB01010 Mechanical Equipment Manufacturing.

(5) CB01990 Other Machinery Manufacturing.

(6) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.

(7) CC01060 Wired Communication Mechanical Equipment Manufacturing.

(8) CC01070 Wireless Communication Mechanical Equipment Manufacturing.

(9) CC01080 Electronics Components Manufacturing.

(10) CC01110 Computer and Peripheral Equipment Manufacturing.

(11) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.

(12) CD01030 Motor Vehicles and Parts Manufacturing.

(13) CE01010 General Instrument Manufacturing.

(14) CQ01010 Mold and Die Manufacturing.

(15) F113020 Wholesale of Electrical Appliances.

(16) F118010 Wholesale of Computer Software.

(17) F119010 Wholesale of Electronic Materials.

(18) F218010 Retail Sale of Computer Software.

(19) F219010 Retail Sale of Electronic Materials.

(20) F401010 International Trade.

(21) I301010 Information Software Services.

(22) IF04010 Non-destructive Testing.

(23) IZ09010 Management System Certification.

(24) IZ99990 Other Industrial and Commercial Services.

(25) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Weighting of major product in 2024

Product	Weight (%)
Mold and mold injection	38.02%
Safety and Electromagnetic Compatibility (EMC) Testing	14.45%
CAR - Car equipment	6.43%
Relays	5.90%
HOME MCH - Home appliances	3.84%
Medical equipment	3.64%
ODD - Optical Disc Drive	2.54%
INDUSTRIAL - industrial control	2.22%
Other	22.96%
Total	100.00%

3. The Company’s current products (services) and application

Type of product	Application
Electronic components	Applications for products, such as 5G, medical detection components, LCD display panel and driver IC, industrial control, virtual meeting system, home appliances, automobile electronics, networking communication, server, and power supply.
Optical & Mechanical elements	Optical elements: Optical communication LENS and modules/CAMERA MODULE/MINI LED. Panel elements: Applications for LCD display, VR, industrial control, POS, watch, automobile electronics, gaming machines. Mechanical components: Relay, Motor, Transformer and Coil, Connector, stamping parts, plastic injection parts.
Motor elements	Application in robots, home appliance, automotive, gaming machines, and medical care.
Certification	Safety requirement testing and certification, electromagnetic compatibility testing and certification, energy efficiency testing and certification of electronic and electrical products, testing and certification of wireless and communication products (including 3G/4G/LTE/5G NR, Wi-Fi, BT, NB-IoT), handheld secondary Li-ion battery testing and certification, software and hardware development service, design and construction of anechoic chambers and chemical testing service.

(II) Industry overview

1. Current industry trends and future outlook

(1) Distribution and marketing and manufacturing

The global electronic parts and components industry showed a steady growth in 2024, mainly due to the expansion of AI applications and the active investment of various countries in the semiconductor field. According to the forecast from the Industrial Technology Research Institute, the output value of Taiwan's electronic parts and components industry (including displays, circuit boards, passive components, LED components, sensing components, and battery components) is expected to reach NTD 2.4 trillion in 2025, with an annual growth rate of approximately 7.5%, higher than the 5.4% projected for 2024. In the world, semiconductor manufacturers are expected to invest USD 400 billion in the chip manufacturing equipment in 2025 to 2027, a record high. Investment will mainly be focused on China, South Korea and Taiwan. This investment trend is mainly due to the US–China trade war and the growth in demand for AI chips and related memory chips.

The continued development of AI technology is accelerating the penetration of various end products in the field of generative AI. This has promoted the specification upgrade of related parts and components, such as high-end HDI PCBs and multi-layer ceramic capacitors (MLCC). However, geopolitical risks are still the main uncertainties faced by the industry. The continuation of the US–China technology war and the restructuring of the supply chain of various countries have a deep impact on the global deployment and competition within the electronic parts and components industry.

Looking forward, the electronic parts and components industry will continue to benefit from the expansion of AI applications and technological innovation. However, enterprises need to pay close attention to the political situation and flexibly adjust strategies to respond to potential challenges and ensure their competitiveness in the global market.

In the mobile phone industry, according to IDC's research report, the shipment of smartphones in 2024 was 1.239 billion units, with an annual growth rate of 6.4%. In 2025, the growth will slow down to 3%. Counterpoint estimates that the shipment of smartphones in 2025 will be 1.27 billion units. IDC expects the number of mobile phone lens and camera modules to stabilize or rise. It is estimated that the shipment volume in 2024/2025/2026 will reach 4.89/5.09/5.21 billion units, respectively.

(2) Product testing and certification

A. Testing and certification of electromagnetic compatibility (EMC), safety requirement (Safety) and energy efficiency (EPA)

Many advanced countries have expanded restriction coverage of EMC. The Bureau of Standards, Metrology and Inspection of the Ministry of Economic Affairs (BSMI) also actively facilitates the EMC certification system for products, whereas some developing and undeveloped countries are just starting to roll out the EMC certification. Due to continuous innovation of electronic and electrical products, the demand for EMC testing and certification of the market grows boundlessly.

The safety of electronic and electrical products is correlated to the lives and assets of users, so many countries have all established the safety specification indicators tailored to the characteristics of the local user environment.

As worsened global warming increases the awareness of energy saving and carbon reduction, countries have started to set the energy efficiency standards for local electronic and electrical products in order to reduce energy consumption or wastage, hence pushing the demand for energy efficiency testing and certification in the market.

B. Integrated automated testing software

The testing software needs to be updated each year following the international standards, major manufacturers have self-testing demand due to internal R&D needs or due to the upgrade in product quality. This leads to the need to purchase professional testing software. The phenomenon of low birth rate has led to manpower issues of lack of entry-level testing engineers or experiences. It is not possible to conduct online testing in the short time, and testing has switched to using automated software to replace some of the manual control. The software market is oriented towards customization and automation. The market is predicted to present a steady growth trend.

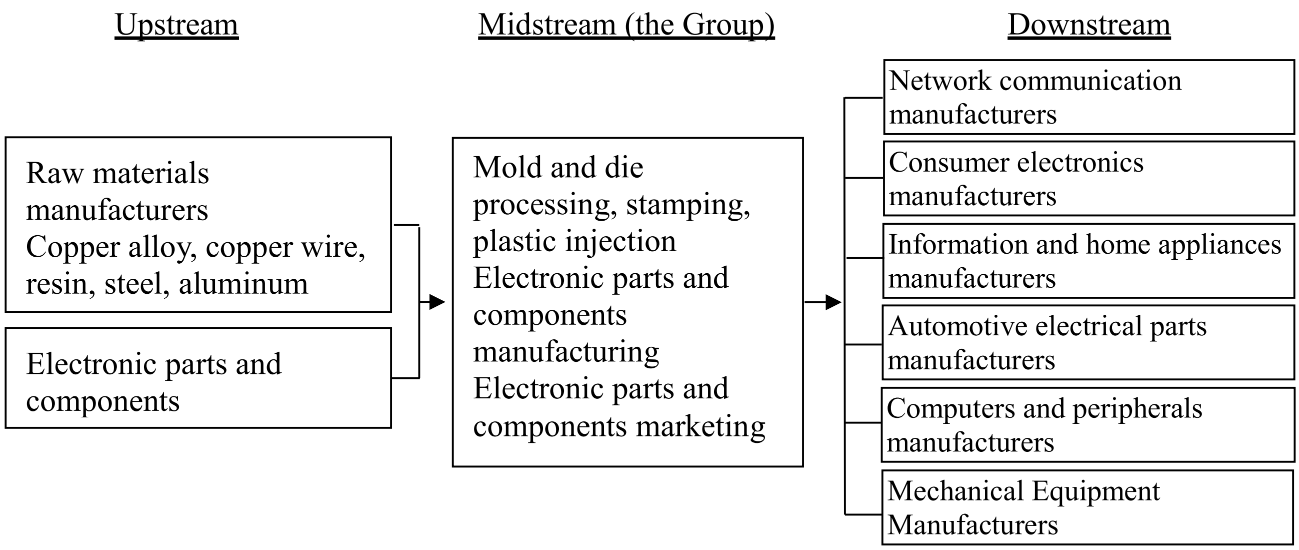
C. Testing environment engineering service

Following the continuous innovation of electronic and electrical products, clients have to conduct in house tests for R&D purpose or early market launch or quality assurance for mass production, so building an in-house testing laboratory is a must. China is now known as the world's factory, so all world class enterprises have entered the market, plus the strong domestic demand and CCC certification system is quickly in place in China, the needs for building a self-owned testing environment of governmental testing units and private companies grow gradually.

2. Links between the upstream, midstream, and downstream segments of the industry

The Group's upstream suppliers are domestic and foreign design companies or manufacturers of electronic, information and communication parts and components and some material manufactures who supply the required materials, parts and components for the Group's manufacturing business.

The Group acts as a marketing agent or as a manufacturer of components mainly for supplying to the 3C industry in electronics and control, communications, medical and vehicle electronics. We also provide technical services to 3C industry in electromagnetic compatibility (EMC) testing and safety testing certifications. As an important part of the 3C industry supply chain, the correlation among the upstream, midstream and downstream of the industry is as shown in the figure below:



3. Development trends for products

(1) Distribution and marketing

Analysis for the agent products of the Group based on their application fields is as follows:

A. Networking Communication Business

In 2025, the market for network communication products is expected to show stable growth, mainly due to the demand for cloud computing, infrastructure, and new technology promotion. The main development trends are:

(a) Wi-Fi 7 technology introduction: As the Wi-Fi 7 specification is mature, it is expected that the corporate and home-use market will gradually replace Wi-Fi 6, driving the demand for equipment upgrades.

(b) Low-orbit satellite application: The development of low-orbit satellite technology, particularly in the areas of satellite interconnection and direct connection between satellite and mobile phone, will drive the demand for related RF components.

(c) Upgrade of optical communication and switches: The data center promotes the adoption of 400G/800G switches to meet the demand for high-speed transmission. The related products such as silicon and CPO (Co-Packaged Optics) technology will continue to develop.

(d) AI and communication integration: Incorporation of AI technology, particularly in wireless network architecture, will promote the development of AI-RAN, and improve network performance and management efficiency.

(e) 6G technology prospect: Although 6G technology is still in the stage of research and development, its vision has gradually become clear. In the future, high-speed transmission, high-sensitivity ability and AI will be combined to support full-range communication, touch Internet of Things and other innovative applications.

B. Energy storage industry in Taiwan

Taiwan's energy storage industry is expected to continue to grow in 2025, mainly due to the promotion of government policies, the increase in demand for renewable energy grid connection, and the drive of energy transformation goals. According to the plan of the Ministry of Economic Affairs, the installation capacity of Taiwan's energy storage system by 2025 is 1,500 MW, including 1,000 MW for grid energy storage and 500 MW for power generation energy storage. As of March 2023, the total registration capacity of private qualified traders has reached 3,797 MW, indicating high market participation.

TPC plans to achieve the goal of 1,000 MW of energy storage equipment installation by 2025 through self-built and electricity trading platform bidding. In addition, as the proportion of renewable energy grid connections rises, the demand for grid stability increases, and the application of energy storage systems for frequency modulation and operating reserve will become more widespread. Looking ahead to 2030, as renewable energy continues to expand, Taiwan's energy storage market scale is expected to reach 6 to 8 GW, and the accumulated energy storage capacity will reach 17 to 21 GWh. However, the safety of energy storage systems and the improvement of related laws and regulations are still the key issues in the future development.

Overall, Taiwan's energy storage industry will grow steadily in 2025, driven by both policy support and market demand, providing a key pillar for energy transformation and grid stability.

C. Automotive electronics industry

The automotive electronics industry will continue to thrive in 2025. The main trends include the further maturation of electrification, intelligence, and autonomous driving technologies, as well as the increase in the proportion of automotive electronics systems in the overall cost of vehicles. Global sales of electric vehicles are expected to reach a new high in 2025, with a growth rate of about 25%, and among them, BEVs (battery electric vehicles) are still the main force in the market. As EVs become popular, the demand for automotive electronic systems continues to grow. It is estimated that the global automotive electronics market will exceed US$500 billion by 2030, with an annual compound growth rate of 7%.

The smart self-driving vehicle trend promotes the advanced driver assistance system (ADAS), smart seats, software-defined vehicles (SDV), and other applications to become standard in cars. It is expected that the modular end-to-end automated driving model will be used on mass production vehicles by 2025, and China is the main application market. The development of smart and self-driving vehicles has been driving the demand for automotive electronics.

Their proportion may account for more than 50% of the cost of the vehicle. Taiwan has advantages in automotive electronics, and the related industries will continue to grow. The operating system and the chip form the foundation of automotive intelligence. Only by integrating closely can an efficient and reliable automotive electronic and electrical architecture be built. In addition, the all-in-one electric drive systems and high-speed motors will be breakthroughs in 2025, which will improve the performance and efficiency of vehicles.

In general, the automotive electronics industry will continue to deepen in the fields of electrification, intelligence, and self-driving in 2025, prompting the rapid development of related technologies and markets.

D. Industrial Control

The industrial control (IC) industry is expected to continue to grow in 2025, mainly due to digital transformation, the deepening of AI applications, and the promotion of the demand for sustainable development. According to the market research report, the global industrial control system market scale is expected to reach US$201.77 billion in 2025, and it is expected to increase to US$309.03 billion by 2030, with a compound annual growth rate of 8.9%. Major development trends:

(a) Digital transformation and smart manufacturing: The promotion of Industry 4.0 has enabled AI, IoT and big data to be widely used in the manufacturing industry, thereby increasing production efficiency and product quality.

(b) Sustainable development and green manufacturing: The global attention to ESG (environmental, social and governance) has prompted enterprises to adopt green technology and circular economy models to reduce carbon emissions and resource consumption.

(c) The rise of industrial metaverse: Through virtual reality (VR), augmented reality (AR) and digital twin, the smart factory is realized, changing the traditional manufacturing model.

(d) Enhancement of the safety of the industrial control system: As the industrial automation level increases, the safety requirements of the industrial control system are becoming increasingly strict to prevent potential network threats.

Looking to the future, the industrial control industry will continue to develop under the dual drive of technological innovation and market demand. Enterprises need to pay attention to the digital and sustainable development trends, flexibly respond to geopolitical risks, adjust production deployment, and maintain competitiveness.

E. Medical industry

The electronic medical care industry is expected to continue to grow in 2025, with the main trends including:

(a) Precision medicine and personalized health management: With the advancement of artificial intelligence (AI) and big data technology, precision medicine can provide more personalized healthcare services through the analysis of information such as a person’s genes, environment and lifestyle. This not only improves the treatment effect, but also reduces the adverse effects.

(b) Telemedicine and home healthcare: The COVID-19 pandemic has promoted the popularity of Telemedicine. In the future, Telemedicine will become the new normal. The remote technology allows patients to receive medical services similar to hospitals at home, especially in emergency monitoring and hospice care and palliative care.

(c) AI auxiliary diagnosis and machine learning: The application of AI and machine learning, combined with medical imaging and patient data, can provide faster and more accurate disease diagnosis, and help physicians formulate personalized treatment strategies.

(d) Wearable devices and health monitoring: The development of wearable health technology has made remote analysis of cardiovascular disease, dementia, and Parkinson's disease monitoring possible, enabling patients to continue monitoring their health status in daily life.

(e) Digital and smart medical systems: Integration of digital medical systems, combined with AI and Internet of Things (IoT) technologies, improves the efficiency of healthcare and extends services to the daily living environment.

Overall, the e-healthcare industry in 2025 will be driven by technological innovation and digital transformation toward smarter, more personalized, and remote solutions, bringing new opportunities for improving medical quality and efficiency.

(2) Manufacturing

The application fields of electronic elements and plastic injection products made by the Group are as follows:

A. The electronic elements including relays, transformers and coils made by the Group are widely applied in all kinds of home appliances such as televisions, refrigerators, washing machines, air-conditioners, and air purifiers; office equipment, such as printers and fax machines; and automotive electronic products including LED lighting fixtures, parking sensors, electric windows, tire pressure monitoring system and charging module.

B. The application for the precision plastic injection mold products manufactured by the Group is for the mobile phone cameras (Voice Coil Motor), antennas, vehicle touchpads, vehicle use relays and connectors, exterior case of medical components and so on products.

C. Automotive market

According to the announcement by the China Association of Automobile Manufacturers, the total sales volume of automobiles in China in 2024 reached 31.44 million units, marking a year-on-year growth of 4.5%. The annual sales volume of new energy vehicles totaled 12.87 million units, with a year-on-year growth of 35.5% and a market penetration rate of 41%. It is expected that the automotive market will show a stable and positive development trend in 2025, and the production and sales of automobiles will continue to grow.

D. The mobile phone market

According to IDC's research report, the shipment of smartphones in 2024 was 1.239 billion units, with an annual growth rate of 6.4%. In 2025, the growth will slow to 3%. Counterpoint estimates that the shipment of smartphones in 2025 will be 1.27 billion units. IDC expects the number of mobile phone lens and camera modules to stabilize or rise. It is estimated that the shipment volume in 2024/2025/2026 will reach 4.89/5.09/5.21 billion units, respectively.

(3) Product testing and certification

The Group is mainly engaged in safety requirement testing and certification, electromagnetic compatibility testing and certification, energy efficiency testing and certification of electronic and electrical products, international certification of electronic and electrical products, testing and certification of wireless and communication products, handheld secondary Li-ion battery testing and certification, software and hardware development service, design and construction of anechoic chambers and chemical testing service.

A. Testing and certification of electromagnetic compatibility (EMC), safety requirement (Safety) and energy efficiency (EPA)

In recent years, the application of global communication network is expanded to the fields of the Internet of Things, Vehicle to everything, smart home, and smart factory due to the introduction of new technologies of 5G NR and Wi-Fi 6E/7. Meanwhile, electronic and electrical products in the information, audio and video, and home appliance segments continue to innovate. With the consideration of safety and environmental protection and energy conservation, many countries add the requirement of testing and certification of electromagnetic compatibility (EMC), safety requirement (Safety) and energy efficiency (EPA) which will likely to increase opportunities in the testing market.

B. Integrated automated testing software

In response to the innovation in electric vehicles and RF communication products and technologies, the corresponding international regulations have been updated, and the current testing software will need to be upgraded. While the testing time increases due to the amendments to the regulations, the Company provides the automation of integrated testing to reduce the testing time and optimize operational efficiency. The software market is anticipated to grow continuously.

C. Testing environment engineering service

In response to the Sino-U.S. trade war, when brand OEMs relocate their production sites to Southeast Asian countries or other global locations, the establishment of testing environment for R&D products and mass-produced items will be important consideration in factory construction. Meanwhile, as local electronic, electrical, and mechanical manufacturers in China increasingly demand a self-built testing environment in response to domestic CCC certification, the overall demand for such facilities is expected to rise.

4. Product competition

(1) Distribution and marketing

Taiwan is a global center of the electronics industry. The vibrant development of the electronics industry has made Taiwan a significant player in the global industry chain. Given the niche of this growth, the distribution of electronic spare parts is becoming more important in the industry, but the competition is fierce. The main issue for distribution channels is how to enhance the Company's own capabilities to become a value-added supplier for downstream customers and how to integrate its own resources and capabilities and transform them into core capabilities in order to compete in the market and ensure the Company's own growth.

The Company will continue to introduce products that are future-oriented, high-quality, unique, and competitive in the market.

A. Network communication: High-frequency magnetic components, signal direction motors, automotive V2X modules and 4G/5G modules.

B. Display: The main focus of our promotion is on automotive, industrial control, and medical; Mini LED/QLED automotive, backlight, resistive touch panels.

C. Brushless DC motors: Nidec Corporation's brushless DC motors used in home appliances (air purifiers, vertical fans, dehumidifiers, air conditioners, etc.) have been sold to customers in Taiwan and the Greater China market.

D. PLC, POWER MODULE used in INVERTER, SIC MOSFET/DIODE.

E. Sensors: SENSOR sales such as HUMIDITY/FORCE/PRESSURE/UV/CO2, the competition in the market is fierce.

F. Medical industry: Scintillators for CT, I.C. for handheld ultrasound, precision motors and AI image processing are applied in various examination equipment.

(2) Manufacturing

A. Relays

The Group's manufacturing business subsidiary has been commissioned by FCL Component Limited to produce power relays, which are applied in home appliances, commercial power supply, and mechanical equipment, since 1992. The demand for these relays is stable and unaffected by the economy fluctuations of any single market. Through complete selection of products and newly developed models to satisfy various design requirements of customers, and through the global marketing by FCL Component Limited, these products are sold globally whereas the sale and marketing in Taiwan and Mainland China is handled by the Distribution Business Division of the Group. Current major clients include Panasonic, Sony, Canon and Daikin of Japan, Samsung of Korea and major home appliance makers in Taiwan and China.

B. Transformers and Coils

Magnetic components, such as transformers, sensors and coils, can be applied widely and are essential to a lot of electronic system production. Coping with the change in global business environment and future development trend, The Group enters into the field of automotive electronics in the hope to produce various competitive products that help its client to meet the development trend of lightness, thinness, shortness and smallness, enhance competitive advantage and grow together with the accurate operational strategy, responsive team and the latest technology R&D.

C. Plastic injection products

Utilizing its precision molding to map and form a rapid industry chain so as to provide customers the fastest and the most convenient service and the most competitive price.

(3) Product testing and certification

The major companies providing services covering Safety Standard and Electromagnetic Compatibility (EMC) testing and certification in Taiwan are SPORTON INTERNATIONAL INC., BTL Inc. and Bureau Veritas. The Group's Product Certification Business Unit continues to provide technology upgrades and one-stop solution services. It has entered the market in China since the early days and has expanded to provide product testing and certification services to customers in China, Hong Kong, and Taiwan. Countermeasures in providing customers services in laboratory sites installation and testing systems are adopted to satisfy the needs of customers in the early phase for product research and development. This helps customers in managing the new product go-to-market schedule with better control. With international perspectives and competitive advantages, we are at a better position than other domestic competitors.

(III) Overview of Technology and R&D

1. Research and development

   The future R&D will use the capacity from the R&D personnel and the technical support from cooperative companies for product development in precise plastic parts, transformer and automotive electronics, and in the industrial control field.

2. R&D expenses in the most recent two years

Unit: NT$ thousand

Item / Year	2023	2024
R&D expenses	96,619	105,816
Operating revenue	7,420,156	5,168,773
R&D expenses as a percentage of revenue	1.30%	2.05%

3. Technologies or products successfully developed

   (1) Manufacturing: The patents received during the most recent fiscal year are as follows:

Type of patent	Name of patent
Invention patent	Automated assembly line of automotive transformers.
	Online coil pre-welding tin equipment for voice coil motor's coil.
	A kind of twisting machine for automatically adjusting length of twisting thread.
	Automatic mold flow analysis system and method
	A double-sided imprinting mechanism for outer cover and its imprinting method
	Continuous cutting and collecting equipment for products with terminals
Invention	A type of loading and unloading mechanism of wire winding machine
Utility model	A force testing institution
	A constant-force testing mechanism
	Automatic injection molding finished product sorting machine
	A relay contact testing device
	A mold with spiral 3D waterway puring port
	An iron core with a stepped welded coating surface.
	A relay cover positive/negative identification mechanism
	A soldering mechanism for relay terminals
	An injection mold screw thread starting point positioning mechanism
	A hot air control device for self-adhesive wire bonding equipment
	A triple ejector mechanism for injection molds
	A pulley mechanism for a winder tensioner to prevent copper wire detachment.
	A hot-disk soldering device for a type of hot-disk circuit board
	A notch solder paste printing device for notched circuit boards
	A type of circuit board tape feeding control mechanism

Type of patent	Name of patent
Utility model	A type of circuit board solder paste for continue ink device
	A type of demolding of side thread of female die
	A strip terminal press molding system
	A VCM motor to prevent dandruff after reliability testing
	A pressing gate mechanism applied to reel to reel insert mold injection process

(2) Product testing and certification: The Group's testing and certification technologies and relevant certifications and utility model patents accredited by international laboratories and competent authority are as follows:

A. Certificates for electromagnetic compatibility testing: Germany DakkS EMC, USA NIST NVLAP, USA FCC, Canada ISED, Taiwan TAF, Taiwan BSMI, Taiwan NCC, Japan VCCI, Japan JQA, China CNAS, Germany TUV Rheinland, Norway Nemko, South Africa SABS, Vietnam SDPPI, USA Dell, USA HP, Fujitsu Siemens, Japan Sony, USA Intel, Japan Yamaha.

B. Certificates for safety requirement testing: Taiwan TAF, Taiwan BSMI, USA UL, USA UL/Demko CBTL, CSA Canada, Germany TUV Rheinland, Germany TUV SUD PSB, Norway Nemko, Japan JQA, Japan JQA CBTL, China CQC CBTL.

C. Certificates for energy efficiency testing: Taiwan TAF, USA EPA, USA CEC, Germany TUV Rheinland, China CECP.

D. Accreditation from major laboratories: FCC/USA, NVLAP/USA, ISED/Canada, TAF, BSMI, NCC/Taiwan, UL CAP-E, UL-Demko CBTL, VCCI/Japan, C&S/Japan, JQA/Japan, JQA CBTL/Japan, CCC, CQC CBTL/China, DakkS/Germany, TUV Rheinland/Germany, Nemko/Norway, DNV/Norway, SABS/South Africa, SDPPI/Indonesia, Dell/USA, HP/USA, Intel/USA, Sony/Japan, Fuji Xerox/Japan, Fujitsu Limited/Japen, Yamaha/Japan, Lenovo/China, ASUS/Taiwan, Acer/Taiwan, Samsung/Korea, LG/Korea.

E. Patent certificates: Fully automatic fan energy-saving test system, automotive electronic components high current simulated magnetic field interference automatic test system, automatic electromagnetic anti-interference test system of audio-visual broadcasting equipment, automated audio-visual broadcasting device electromagnetic interference test system, mobile communication disaster prevention alarm and detection system, digital terrestrial and satellite receiver test system, wireless charging equipment interference test system, signal receiving equipment interference test system, broadband communication equipment conductive test device, automated automotive electronic components electric field simulated triple-platen line strength interference test system, multi-antenna radio frequency power analysis and measurement device, wireless network traffic testing device, selective receiver testing device and Wi-Fi 6E straight-line and competitive protocol testing device.

(IV) Long-term and Short-term Business Development Plans

1. Short-term Development Plan

(1) The current product line of the Group consists of semiconductor components, optical components, mechanism components, communication, optical and vehicle electronics with applications that are wide-ranging. We will actively expand our customer group services and continue to introduce new products to provide total solutions in increasing the Group’s operating profits.

(2) Continuing to explore business in the electromagnetic compatibility and safety requirement testing and certification of electronic and electrical products.

(3) Continuing to develop the integrated automatic testing software.

(4) Testing environment engineering service.

(5) As the awareness for environmental protection increases, and the voice for energy conservation rises, it fervently engages in the environmental protection technology service.

(6) Committed to the wireless testing and certification for handheld products and opening up the global channel of wireless communication products certification.

(7) Engaging in the automotive electronic EMC testing field and LED lighting product testing and certification programs.

(8) The testing and certification laboratory in South China of the Group’s Certification Business Unit is seeking the additional qualification as the testing laboratory for CCC certification mark, a mandatory certification in Mainland China in the hope to provide its local and foreign customers the service that for tests conducted in one location, certificates can be issued in both Taiwan and China.

(9) Enhance the integrated voice coil motor process capability to build up a market entry barrier.

(10) Introducing the transformers to Korea, Europe and electric vehicle market.

(11) Expand the application of relay products in the industrial control field.

(12) Enhance the QCDS capacity and expand the VCM market share.

2. Long-term Development Plans

(1) Construct a more comprehensive R&D and market survey organization with an active introduction of new products and materials, focusing on new market development. Examples of the industries include photoelectric, EV, new energy, and other new market developments. There are expectations to increase the income and profits of the agent products and to provide customers with total solutions to assist them in shortening the design time frame for earlier mass production.

(2) Investing in the development of automated equipment to improve production competitiveness.

(3) Coping with a drastically changing industry and competition among clients, the Group will continue to break through current technology, cultivate talents, optimize precision instruments and equipment, explore new opportunities, increase self-development rate of products so as to streamline development and manufacturing in the hope of stable quality and reasonable price for its customer.

(4) The Group has conducted the feasibility study on setting up new testing and certification laboratory in Chengdu, Chongqing, Wuhan and Xi’an and will be capable of providing effective local testing and certification service to clients in both Taiwan and China in a timely manner.

(5) In the future, we will still uphold Audix’s principle of “quality is the core and clients are our mentors” as its quality policy and make more products with higher precision.

(6) Constantly pursuing perfection to strengthen corporate structure so as to continuously improve products and attain sustainability.

(7) Aiming at becoming the best strategic partner of world-class manufacturers for design, manufacturing and service, and achieving the strategic development goal of being the global leader for design, manufacturing and service.

II. Market, production and sales overview

(I) Analysis of market

1. Areas where the main products are supplied: The Group’s products are mostly sold to the U.S., Mexico and Asian markets such as Japan, Mainland China, Hong Kong and Southeast Asia.

2. The future supply and demand situation and growth of the market

(1) Distribution and marketing and manufacturing

Major international organizations have made cautious and optimistic judgments on global economic growth in 2025 and generally predicted that global economic growth will be between 2.7% and 3.3%. Internally, ITRI has summarized the domestic and overseas political and economic situations and announced the 2025 Taiwan Manufacturing and Electronic Parts and Components Industry Economic Outlook Forecast. It is expected that the economy will gradually recover in 2025, supplemented by the expansion of AI terminal application opportunities. It is estimated that the overall manufacturing industry production value will reach NTD 25.9 trillion, with an annual growth rate of 6.48%. The output value of the electronic parts and components industry will reach NTD 2.40 trillion, with a growth rate of 7.5% compared to the previous year (including displays, circuit boards, passive components, LED components, sensing components, and battery components). The continued development of AI, automotive electronics, and satellite communications has driven the upgrade of PCB, passive components, and sensing component electronic components. This has increased the added value of Taiwan’s electronic component industry and production value. It is estimated that there will be room for growth for the output value of the information electronics industry in 2025. It is worth noting that the policy uncertainty brought about by the new U.S. President, Trump, may add uncertainty to the global economic prospect. The new government’s policy direction will have a deep impact on enterprises around the world in terms of tax reform, green energy development, foreign relations, and defense strategy.

For the Chinese market, the focus of the 2025 China economy is "real estate recession" and "Trump 2.0 additional tariffs levied on China". Optimistically, China's GDP growth rate will remain at 5% in 2025; pessimistically, China's GDP growth rate will be reduced to 3%. Since the end of 2024, the authorities in China have adopted a series of easing policies, including reducing interest rates and loosening the purchase restrictions on housing, in order to stimulate the real estate market and the sluggish consumption demand.

(2) Product testing and certification

Due to the advance of electronic technology, electronic and electrical products are rolled out rapidly and applied widely; however, the electromagnetic waves and safety requirements concern users' lives and property, and as the global environmental awareness increases, the electromagnetic compatibility and safety requirement testing and certification industry start to take key roles internationally. In addition to the U.S., Europe, Japan, Canada, Australia, and New Zealand that have already stipulated relevant regulations, Taiwan, Southeastern Asia and Mainland China have recently adopted such regulations, and, thereby, demand for electromagnetic compatibility and safety requirement testing and certification will continue to grow.

3. Competitive niche

(1) Distribution and marketing and manufacturing

Although the Group is positioned in one of the most competitive industries, the Group addresses the niche market through the following businesses contents and operational models:

A. Comprehensive product portfolio

The Group is an agent of electronic components of Japan's HITACHI, PROTERIAL, JDI, KYOCERA, FUJITSU, ALPSALPINE, KONICA, Nidec Group, ORBRAY; Taiwan's IST, Inergy Technology, Full Crystal, Procer, HannStar, E-Tian; China's leading electronic manufacturers, Longxin, MeiG Smart Technology, TOREY, and Sencoch Semiconductor. The applications are wide-ranging and complete including ASIC, MCU, LOGIC, LINEAR IC, vehicle electronics key components, diode, and various types of semiconductor, TFT LCM, transistor, touchpad, Voltage-Controlled Oscillators (VCOs), connector, relay, transformer and coils, brushless motor, voice coil motor, optical lenses, optical auto-focus module, LED, and sensor. We also have self-production for plastic mold components and EMC countermeasure components. These can be provided to downstream industries as total solutions, winning a wider range of customer groups. Advanced components with higher production value can be aggressively promoted, and new product agent lines can be seized to add to the main operating body.

B. Core business integration and development

The Channel Business Group is responsible for marketing, and Manufacturing Business Group coordinates the subsidiary, Audix Technology (Xiamen) Co., Ltd. And the joint venture with YUWA Co., Ltd of Japan, YUKA Precision (Wujiang) Co., Ltd. To manufacture and provide support to downstream customers thereby fulfilling all kinds of demands from design, development, manufacturing to sale.

C. Warehouse logistics system covering Taiwan and Mainland China

The Group has more than 40 years of experience in warehouse logistics system in Taiwan with abundant professional knowledge and flexibility, and extends such a warehouse logistics system to Hong Kong and Japan. In China, it has also many years of practice in market and has been granted distribution rights by many represented manufacturers. As domestic manufacturers are migrating outward, the Group still manages the orders from downstream clients in different areas.

(2) Product testing and certification

A. Fervently engaging in the environmental protection technology service Global

The global awareness of environmental protection is on the rise, and the demand for energy saving and carbon reduction is soaring. For example, the U.S. Environmental Protection Agency has required that products such as computers, televisions, and photocopiers obtain EPA certification starting in 2011. Taiwan's Environmental Protection Administration's Environmental Label and the Bureau of Energy's Energy Label also regulate products in this area, and the E.U., Mainland China, Japan, Korea, and Australia also have similar requirements, indicating that the development of the green energy industry cannot be ignored. The Group's Product Certification Business Unit has been accredited by the U.S. Environmental Protection Agency as an EPA laboratory, and also accredited by the California Energy Commission's CEC. At the same time, the Group has undertaken a research project by the Industrial Technology Research Institute (ITRI) to conduct testing and data collection for energy-saving products selling in Taiwan and has assumed corporate social responsibility for setting energy-saving standards for products in Taiwan. In addition, the Group's Product Certification Business Unit has acquired server energy-saving testing software and established energy and water saving testing equipment and capabilities for washing machines and secondary lithium batteries, and invested in the establishment of testing environments for RoHS, REACH, and PM 2.5 air pollution control, in response to the standard inspection bureau's (Bureau of Energy, MOEA) mandatory energy efficiency inspection products. Based on this, the Group's certified business unit has continued to expand its testing capabilities to be able to extend its technical service fields, such as obtaining the China voluntary CECP energy saving certification laboratory qualification in 2023, and obtaining the China CEL energy efficiency certification laboratory qualification in 2024.

B. The Group's Certification Business Unit has built up the testing equipment for the Specific Absorption Rate (SAR) for mobile phones, full anechoic chamber for wireless communication products, and testing lab for antenna testing (OTA/CTIA) at the Linkou EMC Testing Building striving for facilitating wireless testing and certification for handheld products and opening up the global channel of wireless communication products certification. It has completed over 80 cases of international certifications up to now. Meanwhile, the Shenzhen, Shanghai and Wujiang, Suzhou laboratories of the Certification Business Unit will simultaneously open up its capacity for the testing and certification of wireless communication products, such as the testing equipment for the Specific Absorption Rate (SAR) for mobile phones, full anechoic chamber for wireless communication products and testing lab for antenna testing (OTA/CTIA). In addition, since the second half of 2019, the Group's Product Certification Business Unit increased its NB-IoT telecom terminal equipment testing and NCC-related testing capabilities and licensing qualifications. In 2020, the Group invested in 5G NR communication technology testing and verification capabilities. From 2021, we will be able to carry out mandatory testing of 5G NR products operating in Sub-6GHz and millimeter-wave bands in multiple countries, including the U.S., E.U. countries, Japan, and Taiwan. The Linkou Laboratory of the Group's Product Certification Business Unit has been accredited by Taiwan's NCC to carry out testing of 5G NR products that meet the Taiwan PLMN and NCC's certification process. The Audix Technology Shenzhen Lab has already established the Japanese Telecommunications Business Law & Japan Radio Law (TBL & JRL) for 5G NR product testing that can provide complete one-stop testing and certification services for cell phones, tablets, and other handheld communication devices sold in Japan. The Group's testing business unit has, in 2021, begun to invest in the testing and certification capacity for the new Wi-Fi 6/6E communications technology. In 2022, we obtained the U.S. FCC and E.U. CE certifications and expanded our wireless product testing services. In line with the announcement by Taiwan's Ministry of Digital Affairs to utilize regarding the 6GHz band opening program, we obtained Taiwan's NCC Wi-Fi 6E/7 wireless product certification in 2024. We plan to launch global certification services in response to the emergence of new Wi-Fi 7 products, which will further support the Group's expansion in the wireless communications testing and certification business.

C. The laboratories in Linkou and Wujiang, Suzhou of the Group's Certification Business Unit have already built up the capacity of the EMC testing for high-power three-phase power supply products, and by which, it can carry out the EMC testing and certification for high-power products, such as cloud servers and solar inverter equipment (PV system); as China becomes the largest automobile market in both manufacturing and sale, the Group's Certification Business Unit has also joined the field of automotive electronic EMC testing that further assists the Group's growth in the certification business. Meanwhile, following the trend of environmental and energy conservation, major developed countries in America and Europe as well as Taiwan, Japan, South Korea and Mainland China has banned the manufacturing and sale of incandescent bulbs whereas the energy-saving LED bulbs will come into mainstream. The Group has launched the testing and certification project for lighting products and established the capacity of safety requirement and EMC testing in the laboratories in Taiwan and China accredited by the UL of the U.S., JQA of Japan to fuel the overall performance.

D. The testing and certification lab in South China of the Group's Certification Business Unit was qualified as the testing lab for the mandatory CCC certification market in China and will be able to provide local and foreign enterprises the service that for tests conducted in one location, certificates can be issued in both Taiwan and China. At the same time, following with the ease of regulations governing the testing and certification industry, the Group's Certification Business Unit has conducted the feasibility study on additional testing and certification laboratories in Chengdu, Chongqing, Wuhan, and Xi'an with the expectation to provide prompt local testing and certification service to clients in the Greater China area and expand its technical service in various areas and fields.

4. Positive and negative factors for future development

(1) Positive factors

A. Distributing and representing comprehensive and diverse products from world-class manufacturers.

These world-class manufactures roll out competitive products to meet market trends with their professional technique and R&D capacity, and market demand for these products is relatively stable. Products the Group carries cover all fields of electronics, such as information, optoelectronics, telecommunications, consumer electronics, energy storage, solar energy, automotive electronics, cloud applications, and medical care. Such a comprehensive and diverse product portfolio further increases the easiness for customers in procurement, reduces customers' inventory risks and saves time and costs.

B. Automated manufacturing

The own equipment R&D department researches and develops the automated equipment suitable for the manufacturing system with the goal to improve production efficiency and quality yield, as well as reducing labor costs.

C. Wide application in various industries and less influenced by the performance of any particular industry.

Application in many industries – The Group's three major business groups are involved in different industries and fields encompassing 5G, automotive, medical care, new energy, solar energy, and electromagnetic compatibility and safety requirement testing and certification, and are not impacted by the performance of any single industry or seasonal factors, thus, diversifying risk.

D. Overall advantage of integrated operation among three core businesses

The Channel Business Group is responsible for marketing, the Manufacturing Business Group is for manufacturing and the Product Certification Business Group provides safety requirement and electromagnetic compatibility testing and certification services. Through the integration, these three major business groups provide customers support for various needs.

(2) Industrial environment and countermeasures

Shorten and drastically changing product lifespan, short delivery schedule and strict transaction terms from the demand side resulting in minimal profit are common nowadays in the industry, and the Group's countermeasures are as follows:

A. The logistics system, extended from Taiwan and constructed following clients' manufacturing and sale sites to ensure smoothness and efficiency of logistics, can meet the rapidly changing and short delivery schedule.

B. Setting the revenue budget policy that seeks proper revenue growth and basic policy for pursuing reasonable profit to avoid customers with high risk and price-bargaining orders, and accepting orders following the internal control authorization process.

C. To further enhance profitability, we will introduce new agent products as an addition to the new products.

D. Investing in the development of automated equipment to improve production competitiveness.

(II) Key applications and production processes of main product lines:

1. Key applications of main product lines:

Type of product	Application or function
Electronic components	1. Application in IT: Example, touchpads, game machines, LED display, power supply unit, server, industrial PC. 2. Application in communication: Example, netcom products. 3. For consumer electronics: air conditioners, brushless DC air purifiers, handheld ultrasound, small appliances. 4. Application in automotive electrical parts industry: electronic products such as vehicle safety system, ADAS system, passive start passive entry system, and parking sensors.
Relays	Used in the communication field, electrical equipment, automobiles, commercial power supplies and mechanical equipment.
Transformers and coils	Application in the electronic industry, network communication industry and automotive electronics industry. Include in high quality products of automotive electronics manufacturers such as parking sensors, power windows, tire pressure monitoring systems, and charger modules.
Precision molds	Mainly precision connectors, relays, hearing aids, voice coil motor modules, automotive parts and mobile device antenna.
Integrated module	Combining the Company's abilities in precision molds, plastic injection molding and design and manufacturing of high quality electronic components with the electromechanical integration to provide customization service and module products that satisfy customers' needs.
Development and manufacturing of automated equipment	Mainly engaged in the automated manufacturing equipment for electronic products and equipment and jigs for automobile parts assembly.
Safety requirement certification	Service items: IT, power, audio and video, home appliances, lighting, medical, instrumentation, fans, gaming , and drone products.
Electromagnetic compatibility certification	Service items: engineering and medical products, audio products, home appliances, lighting products, information technology products, wireless and communication products, drone products.
Energy efficiency certification	Service categories: IT, power supply, audio and video, home appliance and fans, energy and water conservation and P.M. 2.5 air purifier.
Wireless communication product certification	Service items: 3G/4G (LTE)/5G NR, Wi-Fi, BT, NFC, RF ID, NB-IoT and other wireless communication products.
Development, design and application of software and hardware	Providing development service of standard EMC measurement system and measurement system with special specification designated by customers.

2. Main production process

(1) Manufacturing

The Group makes and sells relays, transformers and coils, connectors, stamping parts, and plastic injection parts, etc. And also sells them with agent products.

A. Relays

Wire winding → Inserting core → Riveting core and yoke → Inserting stat.-spring → Hinge stat.-spring and electromagnet →

Riveting armature and mov.-spring → Assembling armature and actuator → Aging test → Cleaning assembled parts →

Adjusting → Mid-process check (QC sample inspection) → Embossing → Cleaning upper cover → Aligning terminal →

Terminal bond and dring → Insufficient potting check → Heat sealing → Heat seal potting → Soldering →

Discharging → Withstanding voltage test → Automatic machine inspection → Defective check → CK test → Air leak test →

Appearance inspection → Aligning terminal, packaging → Product name and lot number check → Warehousing inspection

B. Transformers and Coils

Applying P surface tape → P wiring and winding → Applying P electrical tape, B surface tape →

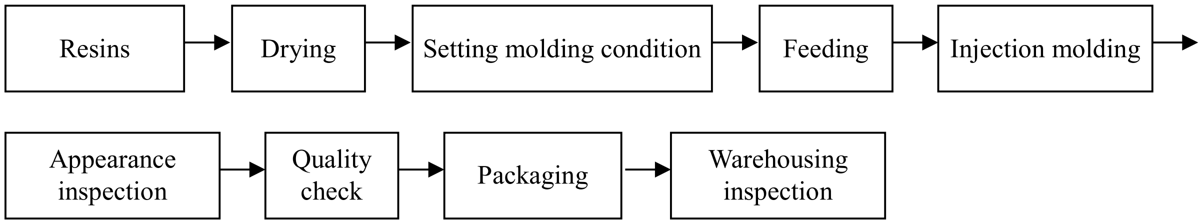
B wiring and winding → Applying B electrical tape, surface tape → Shielding wiring, applying electrical tape →

Winding → Applying S surface tape → S wiring, applying S electrical tape → Winding → Pressing high pin →

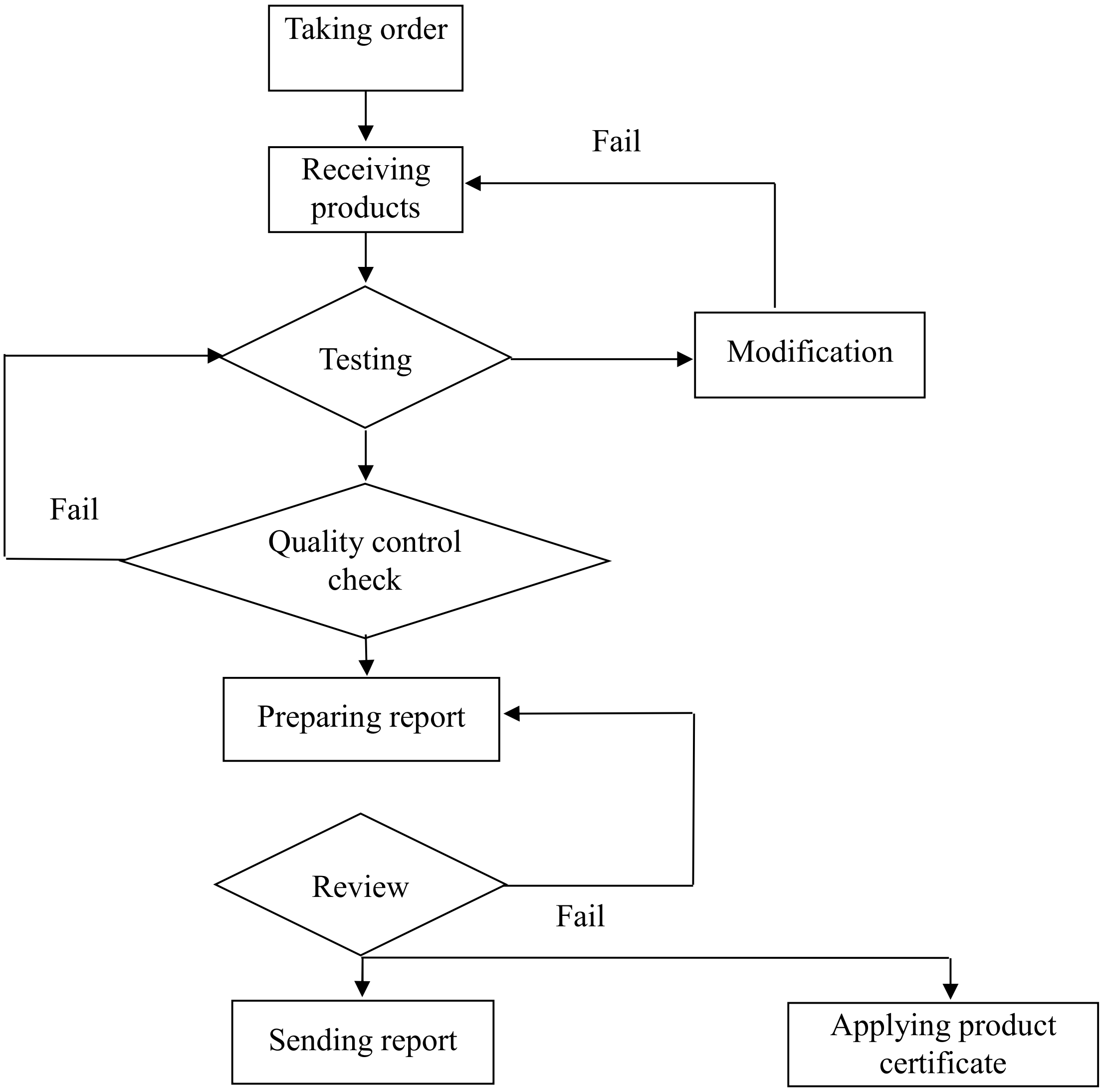
Soldering → Solder appearance inspection → Assembling iron clamp → Wrapping → Mid-process check I → Embossing →

Impregnation, drying → Mid-process check II → Inner packaging → Warehousing inspection

C. Plastic injection products



(2) Product testing and certification: Process of electromagnetic compatibility and safety requirement testing and certification



(III) Supply of major raw materials

The major raw materials of the Group consist of copper wire, copper plate, precious metal and resins which are supplied by high quality well-known vendors. The Group has long-term and stable relationship with those vendors to ensure ordered supply.

(IV) Names of customers who accounted for more than 10% of the sales in the last two years, and sales as a percentage of total sales

1. Customers that accounted for more than 10% of the total sales in the last two years

Unit: NT$ thousand

	2023				2024			
Item	Name	Amount	Percentage of net sales (%)	Relationship with issuer	Name	Amount	Percentage of net sales (%)	Relationship with issuer
1	Customer L	2,005,316	27.03	None	Customer M	763,302	14.77	None
2	Customer M	809,379	10.91	None	Other	4,405,471	85.23	None
3	Other	4,605,461	62.06	None				
	Net sales	7,420,156	100.00	—	Net sales	5,168,773	100.00	—

Reason for increases or decreases: Change to the market demand.

2. Major suppliers that accounted for more than 10% of the total purchase in the last two years

Unit: NT$ thousand

	2023				2024			
Item	Name	Amount	Proportion to net purchase (%)	Relationship with issuer	Name	Amount	Proportion to net purchase (%)	Relationship with issuer
1	Vendor H	1,923,866	39.73	None	Other	2,611,715	100.00	None
2	Vendor J	489,032	10.10	None				
3	Other	2,429,297	50.17	None				
	Net purchase	4,842,195	100.00	—	Net purchase	2,611,715	100.00	—

Reason for increases or decreases: Change to the market demand.

III. Employees

Year	2023			2024		
Item	Taiwan	Foreign subsidiaries	Total	Taiwan	Foreign subsidiaries	Total
Number of employees	221	2,089	2,310	216	1,801	2,017

Year		2023	2024
Number of employees	Direct labor	1,426	1,147
	Indirect labor	884	870
	Total	2,310	2,017
Average age		31.5	33.4
Average years of service		6.1	7.2
Education background	Ph.D.	0.04%	0.05%
	Master’s	0.78%	0.89%
	College and University Graduate	30.83%	35.75%
	Senior High School	33.07%	27.41%
	Below Senior High School	35.28%	35.90%

IV. Information on environmental protection expenses

Energy conservation and carbon reduction have always been the Group’s priority. In addition to replacing the lighting in the building with LED lamps with better energy-saving effects, in terms of air-conditioning equipment, the old chilled water unit (4 units) in the Taipei Business Center was replaced with a model with Grade 2 energy efficiency and environmentally friendly refrigerant. The energy management system (EMS) has also been introduced to instantly monitor and record the electricity consumption of the new chilled water unit and each floor of the building. In doing so, we are able to identify the main floors that consume the most electricity. Additionally, the circulating water pump motors were upgraded to operate with variable frequency drives to conserve energy. In addition, we use eco-friendly products and promote saving water and electricity, fulfilling our social responsibility. Factories of the Group’s Manufacturing Business Group are completing their environmental management systems and obtaining the ISO 14001 certification; there is no loss, disposition or compensation suffered by the Group in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents.

V. Labor relations

(I) The Company's employee welfare measures, education, training, retirement system and implementation, as well as labor–management agreements and employee rights protection measures

1. Employee welfare

(1) In addition to the labor and health insurance required laws, the Company's employees are also covered by the group insurance.

(2) Employee compensation and annual bonus are distributed based on the Company's annual performance or the degree of an employee's distribution.

(3) The Company contributes employee pension to the special pension account at the Bank of Taiwan and the individual pension accounts of each employee at Labor Insurance Bureau in accordance with the "Labor Standards Act" and "Labor Pension Act," respectively.

(4) The Company periodically contributes to the employee welfare fund which is managed and used by the Employee Welfare Committee.

(5) Annual employee health check at health examination center is arranged annually and on the public leave with pay.

(6) A cash gift is given on the month of an employee's birthday, and gift vouchers are distributed on three major holidays in addition to weddings and funerals.

(7) Gifts equivalent to NT$ 84,000 are given to employees who have completed five years of service. Three employees received the gifts this year.

(8) Outstanding employees will be selected for awarding of the Crystal Award and the rewards as an encouragement. There are 4 employees awarded for this year.

(9) Large-scale employee travel is organized annually.

(10) The Company has a lactation room to provide a friendly workplace, and employees are given time for breastfeeding in accordance with the law.

(11) In response to governmental policy and for the purpose of employee care, it has established the "Regulations for Subsidy of Childcare," and there are 3 children of the employees receiving the subsidies in the current year.

Subsidiaries' employee welfare, continuing education, training and retirement systems are all in good order.

2. Continuing education and training

(1) The Company organizes training for new employees, and the training courses encompass personal information protection and firefighting in addition to the Group's operation, company rules and regulations and cyber security.

(2) Each new employee is paired with one mentor for three to six months. Within the mentoring period, in addition to job skills, culture and work experience are also passed on to these newcomers in the hope that every employee can quickly adapt themselves to the workplace and achieve better performance on their positions with higher efficiency.

(3) It has established the e-learning digital learning platform and introduced a set of courses for employees improving professional skills and competencies. Each business unit shall allocate a budget for education training needs annually for setting up a plan of annual education and training that offers periodic or aperiodic training courses.

(4) If on-the-job training is insufficient, the Company will arrange general knowledge or professional competency courses instructed by professionals or invite industrial experts to give speeches on market trend analysis or introduction of new products. Also, employees may apply for external training based on personal learning needs which are fully subsidized by the Company.

(5) The Employee Welfare Committee supports employees' continuing education, and if an employee is pursuing a degree, he or she may apply for reward.

3. Retirement system and its implementation

(1) Pension reserve is allocated monthly:

The Company applies the provisions with regard to pension in the "Labor Standard Act" and deposits pension reserve monthly at the special pension account under the name of the Pension Reserve Monitoring Committee for its reimbursement.

(2) Individual pension accounts of each employee:

The Company applies the pension system set forth in the "Labor Pension Act," and allocates not less than 6% of the monthly salary to the individual pension accounts of each employee at the Labor Insurance Bureau in accordance with the "Labor Pension Act."

The pension system of each subsidiary is handled in accordance with local laws and regulations and is in good order.

4. Labor–management agreements

All measures in respect of labor–management relations comply with relevant laws and regulations with good implementation. Any addition or amendments related to labor–management relations shall be agreed with full negotiation and communication between both sides, and there is no material labor–management dispute.

5. Measures to preserve the rights and interests of employees

The Company's measures to preserve the rights and interests of employees are in compliance with relevant laws and regulations with good operation.

6. Protective measures taken to ensure a safe working environment and maintain employees' personal safety

The Company cares about work environment' safety and employees' personal health and safety, so it takes measures including 24-hour security service, an automated external defibrillator (AED) is installed in the office building and arranges inspection and maintenance every six months, monthly maintenance of building mechanical system and lifting equipment, lawful annual inspection of firefighting equipment and biennial building public safety check, organization of related training and education, and establishment of emergency notification mechanism to protect employee safety and asset security. The Company designates dedicated cleaning personnel to keep internal neatness daily and performs annual large-scale environmental cleaning and disinfection inside and outside the building. Moreover, the Company also has the reverse osmosis systems that are maintained quarterly to provide safe drinking water. For a better understanding of employees' own health and early diagnosis and treatment, in addition to regular prescribed items by competent authority, the Company also allocates budget for employee health examination package. Furthermore, the Company has set up the exercise area and purchased exercise equipment to encourage employees to exercise during their off-hours and de-stress.

Although the Company has taken all possible measures in preserving work environment and employee safety, we will continue to progress in order to achieve the goal of zero accident at workplace.

7. Employee code of conduct

The Company has regulated and announced that during their service, employees shall comply with all laws and regulations as specified below:

(1) Keep the Company's reputation, be a team player and perform duties loyally and with all efforts.

(2) Do not be arrogant, greedy or lazy or behave to damage personal or the Company's reputation.

(3) Absolutely keep the Company's secrets confidential.

(4) Do not accept any gifts or treatments from clients or suppliers, and recuse in the event of any conflict of interests.

(5) Except for the Company's business, employees should not use the name of the Company externally or seek benefits for themselves or others using their positions.

(6) During their working hours, employees should not have any part-time job, and during their off-hours, they should not operate or serve a juristic person or an individual engaged in a similar business with the Company.

(II) List any losses suffered by the company in the most recent fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken.

On May 27, 2024, the Company was fined NT$ 20,000 (Department of Labor, Taipei City Government, pursuant to Article 79, Paragraph 1, Subparagraph 1 and Article 80-1, Paragraph 1 of the Labor Standards Act) for violating Article 30, Paragraph 6 of the Labor Standards Act (Disciplinary citation No. 11360061931). This was due to the failure to keep precise attendance records to the exact minute. In order to improve this problem immediately, the Company has installed attendance equipment on each floor since March 11, 2024, to ensure that the attendance records are kept to the minute. The Company also conducts internal promotion to remind employees to refrain from staying in the Company due to personal reasons or non-overtime work. The Company will also fully comply with labor laws and strengthen welfare measures (such as club activities, sports facilities and child allowance subsidies), and establish interactive communication and grievance management. The Company's labor-management relations have been rational and harmonious. If there is no other external factor for changes in labor-capital relations in the future, no amount of loss should be incurred.

VI. Cyber security management

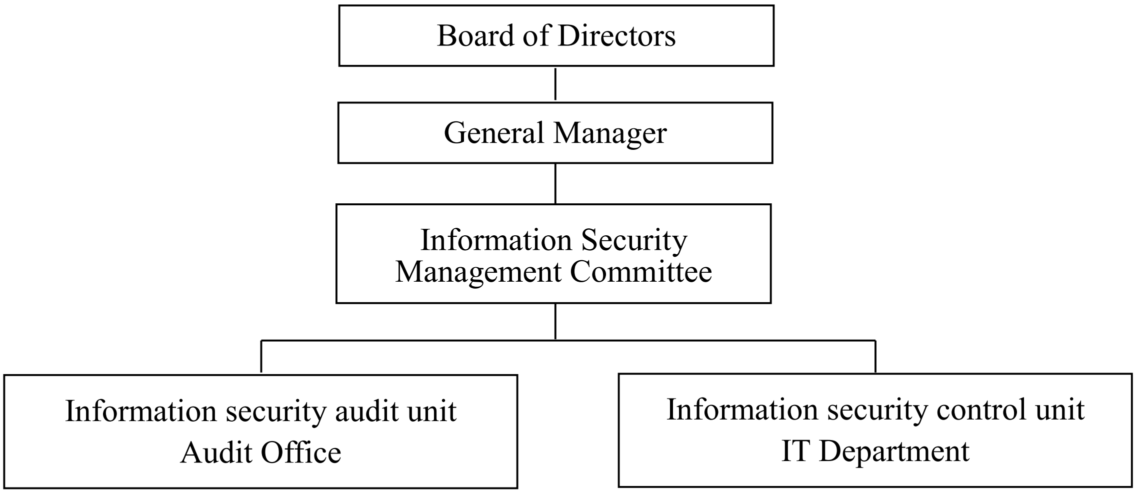
(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber security risk management framework

(1) The Company established the "Information Security Management Committee" in 2020, which consists of the IT Department and the Audit Office. The IT Department has one information supervisor and five professional information personnel; the Audit Office has one audit supervisor and full-time audit

personnel. The IT Department and the Audit Office coordinate the formulation, implementation, risk management and compliance system inspection of information security and protection related policies. One convener is appointed for the Information Security Management Committee and assumed by the manager of IT Department. He or she should report relevant information security issues, improvement plan and execution result to the President periodically and brief to the Board of Directors regarding to the information security management plan and execution result at least twice a year.

(2) Organization structure of Information Security Management Committee



2. Cyber security policies

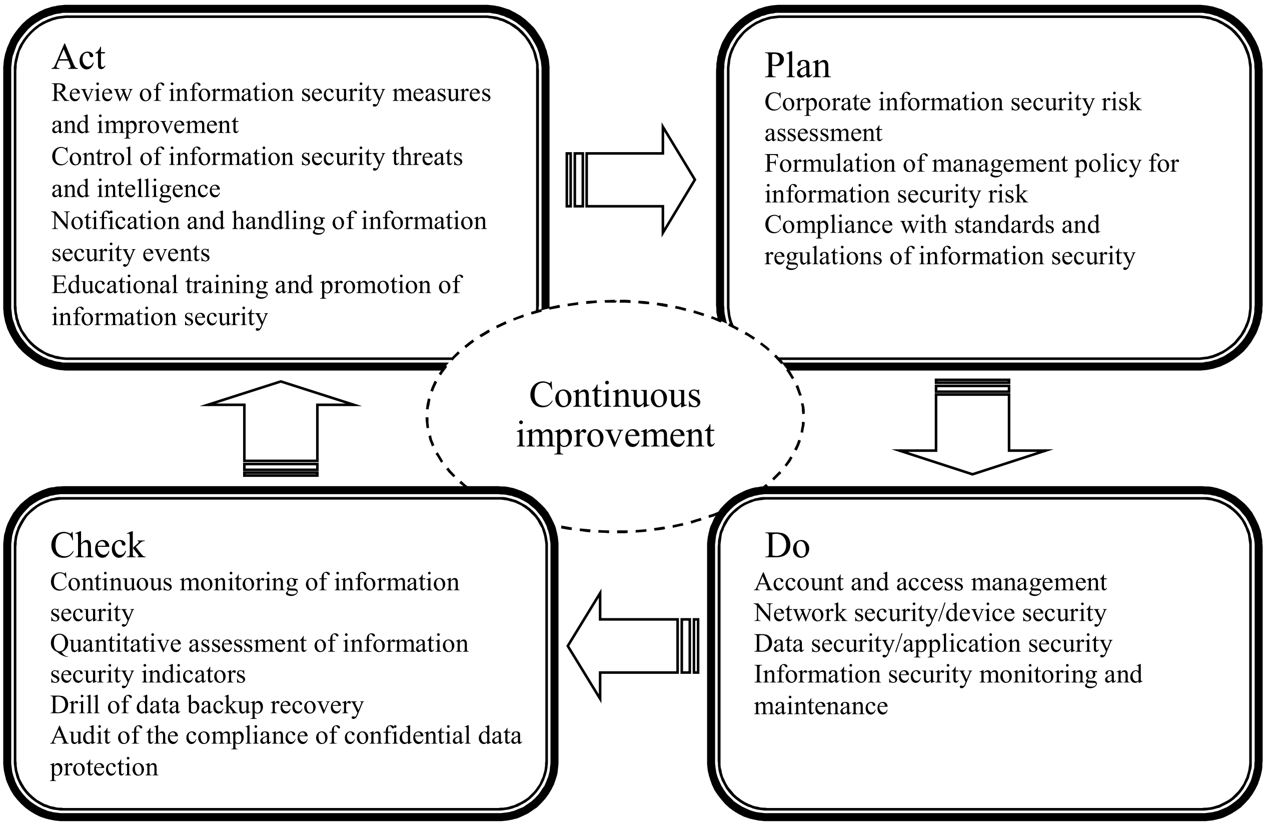
The Company's information security policies are to integrate and enhance information security management system, and build an institutionalized, documented and systematic management mechanism. The information security management mechanism includes three aspects as follows:

(1) System and regulations: Setting up multiple information security regulations to stipulate information security behaviors for internal and external personnel, regularly reviewing whether the system is suitable for the operational environment and adjusting accordingly.

(2) Technology Application: In the prevention of various information security threats, the Company not only applies the multi-layer network framework, but also sets up multiple information security protection systems with prompt introduction of information security instruments to improve overall information environment security.

(3) Promotion: Through reports in meetings, internal mails and information security education courses on the e-learning platform, enhancing awareness for information security of all employees.

Based on the PDCA management cycle, Plan-Do-Check-Act, reviewing the applicability of information security policy and preventive measures and practically implementing the goals of information security management to ensure the confidentiality, completeness and availability of the Company's information assets, as well as compliance with relevant laws and regulations, and preventing internal or external, intentional or unintentional threats, thereby protecting the rights and interests of employees or customers of the Company and achieving the following goals:



(1) Implementation of Information security management policy.

(2) Compliance with laws and regulations.

(3) Strengthening resilience of information security.

(4) Training IT personnel professional information security skills.

(5) Achieving the indicator of effectiveness for information security management.

3. Specific management solutions

Network information security management	Data access management	Responsive recovery mechanism	Promotion and check
● Strengthening the firewall and network access control. ● Periodic virus scan for computer systems. ● Access to various network services shall be carried out in accordance with the regulations for information management. ● Periodic check for irregularity of network service. ● Periodic review of computer network security control measures.	● Computer equipment shall be under the supervision of dedicated personnel and controlled with accounts and passwords. ● Different levels of access shall be given by positions. ● Access of resigned personnel shall be canceled. ● Confidential and sensitive data shall be removed or overwritten before disposal. ● Remote login requires proper authorization.	● Regular review of emergency plan. ● Establishing system backup mechanism. ● Annual recovery drill.	● Promoting concept of information security and enhancing employees' awareness of information security. ● Having employees educated and trained about information security. ● Requiring regular change of password for important systems. ● Regular collection of intelligence regarding to information security. ● Reporting on information security plan and execution progress in a Board of Directors' meeting at least twice a year.

4. Investments in resources for cyber security management

In accordance with the "Information Security Control Guidelines for TWSE/TPEx Listed Companies," the Company has appointed a dedicated manager and dedicated personnel for information security.

The Company's initiative of information security measures in 2024 and execution result

Information security measures	Execution result
Promotion and training	Information security training and advocacy topics are as follows: ● Information security education and training: An annual information security training session and test were conducted for all employees, and 100% of employees passed the test. ● Promotional emails: (1) Numerous phishing texts impersonating Apple in an attempt to steal Apple IDs. (2) A multinational company was involved in a deepfake video conferencing fraud, and lost 200 million HKD. (3) Information security reminder. (4) Edge/Chrome showing "xxx.pdf – unable to download"/ "Unsafe downloads have been blocked." (5) Google has updated nine security vulnerabilities, including the new zero-day vulnerability. (6) Matters for preventing social engineering scams. (7) Social engineering drill report (mail alert test). (8) AI facial true identity difficulty? Six tips for identifying deepfake scam videos. (9) The emerging threat of AI generation is hidden in the trend of technology. (10) Please mindful of the emails related to quotation! It may be a phishing email! ● Social engineering drill. ● Information security professional training: Designate the information security supervisor and information security personnel to conduct training.
Equipment and process system updates	● Information equipment firmware update.
Others	● Official website and DC system disaster recovery exercise. ● Vulnerability Assessment.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken

For the reporting and handling of information security incidents, the Company has defined the procedures for reporting and handling. Information security incidents are recorded by the IT unit, and, for significant information security incidents, reported to the President and handled immediately. After the IT unit eliminates and solves an information security incident within target process time, it shall conduct analysis on such an incident and take corrective measure to prevent recurrence.

The Company did not suffer any losses or fines due to significant cyber security incidents that have impact on the Company's business in the most recent fiscal year and up to the annual report publication date.

VII. Important contracts

Nature of contract	Party concerned	Start/end date of contract	Main Content	Restrictive clauses
Sales agency contract	Nidec Corp. (Japan)	(Note 1)	Sales agent of Nidec brushless motor related products	No special restriction
Product distribution agreement	Shenzhen Chip Hope Micro Electronics Co., Ltd.	2023.04.19~ 2026.12.31	Power chip	Taiwan-funded enterprise from outside China
Product distribution agreement	ITEN	2023.11.22~ 2026.12.21	Solid state rechargeable micro battery	Taiwan, China, ASEAN, and India
Distributor contract	Princeton Technology Corp. Princeton Technology (Chengdu) Corp.	2024.01.01~ 2024.12.31	Drive IC, codec, audio processor	Taiwan and China regions
Authorized Distributor Agreement	Lontium Semiconductor Corporation.	2024.01.01~ 2025.01.31	HDMI signal conversion related products	Taiwan and China regions
Product distribution agreement	Wuxi Sencoch Semiconductor Co LTD.	2024.10.30~ 2025.10.29	Sensors	Taiwan and China regions

Note 1: An agency certificate has been obtained, but the certificate has no expiry date.

Chapter 5. Review and Analysis of the Financial Position, Financial Performance, and Risk Management

I. Financial position

Unit: NT$ thousand

Item \ Year	2024	2023	Variation	
			Amount	%
Current assets	7,015,782	6,626,458	389,324	5.88
Property, plant and equipment	1,282,035	1,384,559	(102,524)	(7.40)
Intangible assets	5,418	4,276	1,142	26.71
Other assets	1,337,391	2,032,325	(694,934)	(34.19)
Total assets	9,640,626	10,047,618	(406,992)	(4.05)
Current liabilities	2,636,382	3,146,559	(510,177)	(16.21)
Non-current liabilities	961,325	1,227,363	(266,038)	(21.68)
Total liabilities	3,597,707	4,373,922	(776,215)	(17.75)
Capital stock	1,055,956	1,055,956	—	—
Capital surplus	181,895	181,790	105	0.06
Retained earnings	4,191,688	4,044,160	147,528	3.65
Other components of equity	219,677	(1,676)	221,353	13,207.22
Non-controlling interests	393,703	393,466	237	0.06
Total equity	6,042,919	5,673,696	369,223	6.51

Analysis of changes in ratios (for variation over 20%):

1. The increase in intangible assets compared with the previous period mainly due to the increase in the acquisition of intangible asset in the current period.
2. Other assets decreased from the previous period mainly due to the decrease in financial assets (time deposits-over 1 year).
3. The decrease in non-current liabilities compared with the previous period mainly due to the decrease in long-term loans.
4. The increase in other components of equity compared with the previous period mainly due to the exchange benefits from the financial statements conversion of foreign operating institutions.

II. Financial performance

Unit: NT$ thousand

Item	2024	2023	Increase (Decrease)	Variation %
Operating revenue	5,182,183	7,571,243	(2,389,060)	(31.55)
Less: Sales returns, discounts and allowances	(13,410)	(151,087)	(137,677)	(91.12)
Total operating revenue	5,168,773	7,420,156	(2,251,383)	(30.34)
Operating costs	3,697,810	5,967,538	(2,269,728)	(38.03)
Gross profit	1,470,963	1,452,618	18,345	1.26
Operating expenses	705,787	722,676	(16,889)	(2.34)
Net operating income	765,176	729,942	35,234	4.83
Non-operating income and expenses	206,733	200,554	6,179	3.08
Income before income tax	971,909	930,496	41,413	4.45
Income tax expense	396,361	327,722	68,639	20.94
Net income	575,548	602,774	(27,226)	(4.52)

Analysis of changes in ratios (for variation over 20%):

1. The decrease in operating revenue and operating cost from the previous period is mainly due to the decline in sales of channel business.
2. The decrease in sales returns, discounts and allowances from the previous period was mainly due to the decrease in sales returns.
3. The increase in income tax expense compared with the previous period mainly due to the increase in income tax for the repatriation of surplus in the current period.

III. Cash flows

(I) Liquidity analysis for the most recent two years

Item / Year	2024	2023	Increase (Decrease) ratio
Cash flow ratio	23.34%	28.54%	(18.22%)
Cash flow adequacy ratio	138.20%	144.85%	(4.59%)
Cash reinvestment ratio	1.91%	5.53%	(65.46%)

Analysis of changes in ratios (for variation over 20%):

The decrease in cash reinvestment ratio from the previous period was mainly due to the decrease in cash flow from operating activities and the increase in working capital.

(II) Cash liquidity analysis for the coming year

Unit: NT$ thousand

Beginning Cash Balance ①	Estimated annual net cash flow from operating activities ②	Estimated annual cash outflow ③	Estimated cash surplus (deficit) ①＋②－③	Remedial measures for estimated cash deficit	
				Investment plan	Financial plan
996,940	500,000	422,382	1,074,558	—	—

Analysis of changes in cash flow of the Company and its subsidiaries in the coming year:

1. Operating activities: estimated net cash inflow of NT$500,000 thousand from operating activities.
2. Financing activities: estimated a cash outflow of approximately NT$422,382 thousand for the distribution of cash dividend.

IV. Effect of major capital spending on financial position and business operations in the most recent year

Unit: NT$ thousand

Project	Actual or estimated source of fund	Total fund needed	Actual or estimated use of fund	
			2024	2025
Operating Equipment	Own capital	301,479	77,932	223,547

The capital expenditures listed above are able to increase market demand, improve production efficiency and quality, and increase the group's revenue.

V. Reinvestment policy in the most recent year, profit/loss analysis, improvement plan, and investment plan for the coming year

(I) Information on reinvestments for the past year: The Group’s reinvestments accounted for using equity method are made with long-term strategy; for the year 2024, the profit of reinvestments accounted for using equity method was NTD731,029 thousand, which increased in comparison to the previous year mainly due to good performance of investees overseas.

(II) Investment plan for the coming year: As of the publication date of the annual report, the Group does not have any substantial investment plan; however, it will continue to evaluate the development trend of emerging industries to widen its investment portfolio. We will consider reinvesting in projects that complement or create synergies for the Group to lift overall performance.

VI. Analysis and assessment of risk items in the most recent year and up to the printing date of the annual report

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures

1. Impact of interest rate changes in the most recent year on the Company’s profit and response measures: The interest expense of the Company and its subsidiaries was NT$59,819 thousand in 2024 which only accounted for 1.16% of operating revenue in 2024, so the changes of interest rate does not have significant impact on the Company and its subsidiaries.Furthermore, the Company and its subsidiaries will adjust application of fund depending on the changes of interest rates and keep good relationship with banks in order to get good interest rate and then reduce interest expense.
2. The impact of exchange rate changes in the latest year on the Company's profit and loss and future response measures: In 2024, the Company and its subsidiaries recognized foreign exchange benefits of NT$22,943 thousand, accounting for 0.44% of operating income. Thus, changes in foreign exchange rates do not have a material impact on the Company. While facing the exchange risk, in addition to enhanced control of collection cycle for accounts receivable denominated in foreign currencies, the Company monitors the trend of exchange rates, properly adjusts its position in foreign currencies according to its future funding need and matches the sales and purchase denominated in the same currency to achieve natural hedging.
3. Impact of inflation in the most recent year on the Company’s profit and response measures: the Company pays close attention to fluctuations in market prices and maintains good interaction with suppliers and customers to avoid significant impact of inflation.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future countermeasures.

1. The Company and its subsidiaries invest with the principle of stability and do not engage in high-risk high-leverage investments.
2. The Company’s and its subsidiaries’ loans to other have been handled in accordance with the policy and measures provided in the “Regulations Governing Loaning of Funds.”
3. The Company and its subsidiaries do not provide endorsement and guarantee.
4. The Company and its subsidiaries do not engage in derivatives transactions.

(III) Future R&D plans and expected R&D expenditure

The Company is mainly engaged in the sales and distribution of electronics and does not have any R&D activities, so it is not applicable; the future R&D plans and expected R&D expenditure of its subsidiaries engaged in manufacturing and product testing and certification are as follows:

1. Manufacturing business
   (1) R&D expenses for molds and injection molding products are material, labor and manufacturing expenses during each stage of design and manufacturing of molds, sampling, and customer acceptance tailoring to customer demands.

(2) R&D expenses for electronic parts and components used in relays, coils, transformers, network switch interface modules are mainly material, labor and manufacturing expenses used in technology improvement for process improvement, quality enhancement, speed elevation and simplification of human resource allocation, and increase of self-made ratio of components.

2. Product testing and certification

(1) High Voltage (HV) Transient Pulse Injection Test for Automotive Components.

(2) FCC WLAN measurement Integrated Equipment for Wi-Fi 6E wireless product.

(3) Upgrade of testing device for throughput (Wi-Fi 7).

3. The estimated R&D expense in the manufacturing business and product testing and certification for the year 2025 amounts to NT$ 101,311 thousand.

(IV) Major changes in government policies and laws at home and broad and the impact on the Company's financial position and business activities

The group's law, finance, accounting and stock affair specialists are responsible for collecting important information regarding domestic and foreign markets and regulatory changes. In addition, in order to appropriately react to domestic and foreign changes and legal reforms, they consult with professionals whenever it is necessary.

(V) Impacts of technological changes (including information security risks) and industry changes on the Company's financials and response measures

Followed the generalization of new technologies, information security threats become multi-dimensional and complex attacks. Once an information security incident or data leak occurs, the Company may encounter the risk of fines and financial losses. In order to ensure security of information and communication systems and prevent potential risk, the Company has implemented various safety protection measures including:

1. Enacting proper risk management, including the safety requirements into the construction plan and selecting and supervising suppliers in a proper manner to implement the cyber security protection management.
2. Deploying defensive and detective measures for surveillance on information security, and through the intelligence collection and alarm, mastering any cyber security incidents.
3. With respect to information security risk control, the Information Security Management Committee's convener is responsible for follow-up and management, and if there is any significant risk issue, convener should immediately report to the President, propose countermeasures and act in a timely manner.
4. To prevent any material financial loss of the Company incurred by information security incidents, it also considers purchasing the "data protection insurance" to enhance its back-layer protection and prevent losses.

In addition, the Company and its subsidiaries engaged in the distribution and marketing of electronic parts and components, manufacturing and product testing and certification businesses, and strive to diversify its product portfolio and customer base, strengthen marketing channels and grasp market trend by keeping close partnership with clients and suppliers.As for industry characteristics, it focuses on the management of accounts receivable to sustain the stable business performance and diversify risk.New market demands derived from industrial changes may lead the Company and its subsidiaries to get the opportunities of new products and new businesses, and thus does not have any negative impact on the Company's and its subsidiaries' finance and business.

(VI) Impact of corporate image change on risk management and response measures

The Company upholds the sustainable principles of professionalism and integrity, and pays attention to corporate image and risk management. Currently, there is no foreseeable material crisis.

(VII) Expected benefits, potential risks and response measures of merger and acquisition: None.

(VIII) Expected benefits, potential risks and response measures of plant expansions: None.

(IX) Risks associated with over-concentration in purchase or sale and response measures

1. The Group's major supplier is JDI, from whom the purchase accounted for 8.62% of the total purchase in 2024, as the Company and its subsidiaries are major agents of JDI. Currently, the Company and its subsidiaries are trying to improve such over-concentration in purchase through product portfolio diversification and development of new product agencies.
2. The Group's major customer is Mitsumi Group, to whom the sales accounted for 14.77% of the total sales in 2024. Mitsumi is an excellent listed company that pays on time. The Group is trying to improve the over-concentration in sales currently.

(X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures.

The Company's directors and major shareholders are very optimistic about the Company's prospects because of its management team keeps profitability stably and strongly, so there has not been major quantity of shares transferred or changed hands by the directors and major shareholders in recent years. However, they may make appropriate shareholding planning based on personal investment and tax considerations. If directors or major shareholders have a large number of shares transferred or changed hands, they will fully communicate with the management team before they execute such transactions at the appropriate time. Thus, it shall not have adverse effects and risks on the Company's operation and shareholders' equity.

(XI) The effects that changes in management has on the Company as well as risk and responding measures.

The Company has a strong team of professional executive officers, and changes in management right will not affect the operations of the Group.

(XII) For litigious or non-litigious matters, state the major litigation, non-litigation or administrative litigation proceedings that has been determined or is still in litigation of the Company and the Company's directors, presidents, de facto responsible person, major shareholders with more than 10% shares, and subordinate companies. If the result may have material impacts on shareholders' equity or stock price, disclose the facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings, and the handling as of the printing date of the annual report: None.

(XIII) Other major risks and response measures: None.

VII. Other important matters: None.

Chapter 6. Special Items

I. Profiles of affiliates enterprises: Please refer to the MOPS.

Market Observation Post System (MOPS) > Individual Company > Electronic Document Download > Section for the Three Statements of Affiliated Enterprises.

https://mopsov.twse.com.tw/mops/web/t57sb01_q10

II. Private placement of securities in the most recent year and up to the printing date of the annual report: None.

III. Other matters that require additional description: None.

IV. Any events in the most recent year and up to the printing date of the annual report that had significant impacts on shareholders' right or security prices as stated in subparagraph 2, paragraph 3 of Article 36 of the Securities and Exchange Act of Taiwan: None.

Audix Corporation

Chairman: Chung, Yuan-Kai