

Stock Code: 3236



ABC Taiwan Electronics Corp

2024 Annual Report

Company Website: <https://www.atec-group.com.tw>

Website of MOPS: <https://mops.twse.com.tw>

Printed Date: April 8, 2025

I. Names, titles, contact numbers and emails of the spokesperson and acting spokesperson

Spokesperson: Hsu, Hsi-Kai

Title: Vice General Manager

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Deputy Spokesperson: Hsu, Shih-Feng

Title: Associate

Tel: (03)478-8188

E-mail: cedric.hsu@atec-group.com

II. The addresses and telephone numbers of the head office, branches and factories

Head Office: No. 422, Section 1, Yanghu Road, Yangmei District, Taoyuan City Tel: (03) 478-8105

Yangmei Plant 1: No. 422, Section 1, Yanghu Road, Yangmei District, Taoyuan City Tel: (03) 478-8105

Yangmei Plant 2: No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City Tel: (03) 478-8188

III. The name, address, website and telephone number of the stock transfer agency

Name: Agency Department, CTBC Bank

Address: 5F, No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Website: <https://www.ctbcbank.com>

Tel: (02)6636-5566

IV. The names, accounting firm, address, website and telephone number of CPAs for the financial statements of the most recent year

Name of CPAs: Wen, Chih-Yuan, Yeh, Tung-Hui

Accounting firm: Deloitte & Touche

Address: 6F., No. 2, Zhanye 1st Rd., Hsinchu Science Park, Hsinchu City

Website: www.deloitte.com.tw

Tel: (03)578-0899

V. Names of overseas securities exchanges and methods of inquiry for the overseas securities: None.

VI. Website: <https://www.atec-group.com/tw>

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One. Report to Shareholders

In 2024, the global economy will face multiple challenges and opportunities in the post-pandemic recovery process. The geopolitical situation, supply chain pressure and inflation continue to affect various industries, and the electronic component industry is no exception. The Company has maintained a strategic focus on network communication, industrial automation, and automotive-related markets. However, this emphasis came at the expense of missed opportunities in consumer electronics, particularly in the mobile phone, notebook, and PC segments. As a result, the Company was not adequately responsive to the post-pandemic market shift toward AI development and smartphone upgrades, which hindered the pace of revenue recovery.

In fiscal year 2024, the Group reported consolidated revenue of NT\$1.864 billion and net income after tax of NT\$4.446 million, reflecting a year-over-year decline. Despite these headwinds, the ongoing acceleration of digital transformation and rising demand across sectors such as 5G, electric vehicles (EVs), artificial intelligence (AI), and industrial automation continue to support long-term market growth. In the face of these changes, the Company will focus on improving operational efficiency and technological innovation, flexibly responding to market challenges, and expanding the applications of emerging technologies, in order to gradually improve future performance and create long-term and stable value for shareholders.

I. Operating results for 2024

(I) Implementation results of business plan

Unit: NT\$ thousand

Year Item	2023	2024	Increase (decrease) amount	Change (%)
Net operating income	1,992,295	1,864,179	(128,116)	(6.43)
Operating cost	1,542,664	1,454,267	(88,397)	(5.73)
Gross profit	449,631	409,912	(39,719)	(8.83)
Operating expenses	414,288	430,484	16,196	3.91
Operating profit	35,343	(20,572)	(55,915)	(158.21)
Non-operating income and expenses	18,111	37,208	19,097	105.44
Income before tax	53,454	16,636	(36,818)	(68.88)
Income tax expenses	16,098	12,190	(3,908)	(24.28)
Net profit	37,356	4,446	(32,910)	(88.10)

Impacted by the macro environment and slowing demand, 2024 revenue decreased by NT\$128,116 thousand, or 6.43%, from 2023, with a net income of NT\$4,446 thousand and earnings per share of NT\$0.04.

(II) Budget execution

Not applicable (the Company did not release a financial forecast for 2024).

(III) Revenues and profitability analysis

Net cash inflow was NT\$162,376 thousand from operating activities, net cash outflow was NT\$128,836 thousand from investing activities, and net cash inflow was NT\$89,152 thousand from financing activities.

Profitability	Item	2023	2024
	Return on assets (%)	1.65	0.63
	Return on equity (%)	2.49	0.29
	Net income before income tax as a percentage of paid-in capital (%)	5.09	1.58
	Net profit margin (%)	1.87	0.23
	Earnings per share (NTD)	0.36	0.04

(IV) Research and development status

We have set up the LTCC research team, and established industry-academia cooperation with universities to design, develop, and introduce the design of LTCC low-temperature co-firing products. We have also built specialized production facilities for surface treatment of alloy powder materials to enhance the research and development and application of new materials. We have also established systemic design technologies through magnetic, electrical, mechanical and circuit simulation software.

We have introduced and upgraded the SAP system to strengthen the systematic management of the Company, combining automatic production equipment and industrial control software, importing AOI+AI full automatic optical appearance inspection equipment to achieve SPC statistical process quality management system, in order to move towards Industry 4.0 smart manufacturing, precision production and supply. We provide high-efficiency, good-quality, and reliable inductor products, which are used in 5G personal smart communication devices, smart manufacturing 4.0 industrial control systems, long-term care and medical equipment, electric vehicles (EVs), and smart driving.

The Company has invested NT\$110,224 thousand in R&D in 2024 and has successfully developed the following technologies or products:

1. Small-size common mode filter component for Open Alliance MSF3425-1000T series.
2. Electric field shielding alloy powdered one-piece thin precision power inductor MHS0635, MHS0735, MHS1145, MHS1370 series.
3. Coupled alloy powdered one-piece thin precision power inductor MCH1040 series.
4. Electric field shielding alloy powdered one-piece thin precision power inductor MCE1145 series.
5. Standoff alloy powdered one-piece thin precision power inductor MHR0745 series.
6. Development of thin film power supply inductor series.
7. Vertical 150°C high-temperature magnetic shielding power inductor MCU6045, MCU7045, MCU1040, MCU1060, MCU1255 series with ferrite magnetic frame.
8. High frequency common mode filter AQF1560 series.
9. PE1230 series of low-profile low-loss power bead PE1230 series.
10. Development of LTCC low temperature co-fired ceramic filter.
11. Ultra-miniature RF inductor SWI0201 series.
12. Magnetically shielded power inductor ASS1514 series.
13. Alloy powdered one-piece thin precision power inductor DP2016 series.

II. Summary of 2025 business plan

(I) Management Approach:

In the AI industry, the Company accelerates the demand for AI and computer upgrades, and has established an Outsourcing Team to respond to the needs of IC design. Relocation of production capacity in China to expand the production of biotechnology products in Malaysia, and promotion of mass production process components to extend the sales reach. The Company will realize the replacement of old hardware and software equipment with a unified call center to expand the production scale.

Through organizational restructuring, optimize resource allocation, improve operational efficiency, and strengthen cross-department cooperation. Shortened decision-making time and enhanced market responsiveness to ensure more flexible and competitive corporate operations. Meanwhile, the Company has also improved its organizational issues, such as talent development, digital transformation and performance management, to ensure the steady development of the Company and enhance internal cooperation. Through systematic planning and implementation, we build a competitive culture of sustainable growth and promote corporate development.

Talent is the foundation of any enterprise organization. It is also an important indicator for ensuring organizational productivity, competitiveness, and sustainability. It is necessary to establish a talent development system and comprehensive management talent selection system; improve cultivation, utilization, retention, education and training, as well as learning and development planning; and to formulate training plans, plan the succession layout ahead of time, and build a good talent pool so that the talents can develop and the enterprise develops sustainably.

ABC Taiwan has fully implemented an information security management mechanism to protect the group's information assets from theft, improper use, leakage, tampering, or destruction, and it conducts internal information security drills and training on a regular basis to ensure that the company's operations run smoothly.

(II) Operation strategy

1. Strengthen strategic cooperation and insights of AI applications, expand market deployment; realize the expansion of orders for the expansion of the production line of LTCC, and promote revenue growth.
2. Optimize AAE fast response, improve customer experience, and module design corresponding technology.
3. Continue to improve product structure, improve automated process upgrades, improve AI+AOI performance, and develop smart monitoring and production.
4. Fast launch of MIM projects to expand the scale of economy and achieve the goal of securing the lives of adults and realizing profits.
5. Enhance PQE process analysis and verification, reduce the recurrence of quality abnormalities, and strengthen SQE to strengthen material source management.
6. Integrate the functions of the Group, strengthen the effectiveness of motivation, cultivate cross-disciplinary job talent, and certify the SA8000 system to strengthen social responsibility.
7. Build a professional electrical and mechanical technology maintenance team, promote corporate growth, complete a talent team, and assist in long-term development.
8. Increase the proportion of renewable energy and promote innovative solutions for energy conservation.
9. Organize the administrative workflow process, establish an electronic system for forms, and introduce AI to some of the processes.
10. Strengthen the information security structure, promote information security for all employees, monitor and prevent risks, improve and respond to information security in a timely manner, and ensure information and communication security.
11. Optimize the process to reduce operating costs, improve resource efficiency, strictly control expenditure, and strengthen the effectiveness of departmental cooperation.

(III) Expected sales volume and basis

The global GDP growth outlook for 2025 is projected to be similar to that of 2024. With many countries initiating interest rate cuts, global trade volume is expected to continue rising, and traditional industries are also likely to experience gradual recovery. The U.S. economy may slow slightly but is expected to remain stable in 2025, supported by fiscal policies and productivity gains from generative AI. Europe's economic momentum is expected to improve from 2024, though it will likely remain

weak. China's growth may be constrained by U.S. tariffs and uncertainty around domestic stimulus measures. Emerging markets are set to benefit from the rebound in global trade and commodity demand. The R&D department increased development efforts in 2024, with several new products scheduled for launch in 2025. Major customers have approved multiple new models, which will gradually enter mass production next year.

According to S&P Global Mobility, the global new car market is expected to grow modestly in 2025, reaching 89.6 million units. Electric vehicle (EV) sales are projected to rise significantly, potentially surpassing a 16% market share, with around 15 million EVs sold worldwide. The marketing team is focused on products such as electric drive systems, battery modules, automotive lighting, vehicle cameras, infotainment systems, wireless charging devices, and dash cams, with orders steadily increasing.

(IV) Important production and sales policies

1. Production strategy

- (1) The Group's production deployment and integration, expansion of the production capacity and quality of the Malaysia plant, and improvement of the Headquarters' self-made production line process.
- (2) Continue to promote the automation of key projects, the introduction of AOI&AI automated inspection system, the rationalization of production processes, and the construction of assembly lines to improve the stability of quality.
- (3) Master process quality monitoring of important materials (key materials for flour and new products, etc.).

2. Sales strategy

- (1) Continue to implement the Sales Funnel concept by enhancing business development efforts across all teams. Focus on expanding new customers and new product models, maintaining full oversight from customer design through to mass production, and gaining a clear understanding of the entire product life cycle.
- (2) Align departmental key tasks and KPIs with individual team members and sales personnel, with regular performance reviews to track effectiveness.
- (3) Strengthen the management and collaboration with agents, and expand both the breadth and depth of marketing channels.
- (4) Expand and operate the e-commerce platform to reach a wider market.
- (5) Empower the PM team to bridge customer needs and R&D resources, take the lead in product development, and plan for next-generation products.

III. Long-term development strategy

Recent global developments indicate escalating tensions between the U.S. and China. The U.S. has made the "War on Drugs and Revitalization of American Manufacturing" a key federal policy focus, and high tariffs may continue to be imposed. At the mean time, U.S. energy policy has shifted toward shale oil and gas, along with withdrawal from climate agreements—making industrial revitalization a national priority. In response, ABC Group must accelerate the deployment of its U.S. manufacturing footprint, prioritizing the localization of key processes to align with global supply chain restructuring and shifting market demands.

ABC Group's long-term development strategy is as follows:

- (I) Establish a transformer team to position the company as a comprehensive magnetic solutions provider.
- (II) Develop a mid-to-long-term plan for ATEC, based on AI-related demands and market trends.
- (III) Expand AAE's IC design team, increase industry-academic collaborations, and enter the electric vehicle supply chain.
- (IV) Accelerate promotion of high-frequency LTCC applications, while exploring new fields of application.
- (V) Expedite the MIM project timeline and identify a new production site in the ASEAN region; concurrently, conduct a feasibility study for U.S.-based manufacturing facilities.
- (VI) Accelerate the development of "All-in-One Machines" in China and reassess the market strategy for the Chinese market.
- (VII) Establish dedicated production lines to optimize manufacturing efficiency.
- (VIII) Fully integrate the Group's information systems and strengthen cybersecurity.
- (IX) Implement a Total Quality Control (TQC) audit system, with each subsidiary and business unit responsible for execution and mandatory participation by all department heads.

IV. Impacts of the competitive environment, regulatory environment, and overall business environment

In 2024, the international landscape has grown increasingly complex, with external competition shaped by a multitude of factors. Intensifying geopolitical tensions, escalating US-China tech rivalry, and a slowdown in global economic growth have all contributed to shrinking market demand. In response to these geopolitical dynamics, ABC Group has accelerated its production deployment in the United States and enhanced production capacity in the ASEAN region, aiming to strengthen the resilience of its regional supply chain.

In terms of the legal environment, all factories in Taiwan, China, and Malaysia are operating legally and fulfilling corporate social responsibilities. We also keep track of changes in the legal environment in a timely manner, and are able to comply with legal requirements through expert assistance and consultation. We will continue to monitor the direction of amendments to laws and regulations and implement the updates in a timely manner.

Despite the prevailing uncertainty and challenges in the global economy, ABC Group actively embraces change, staying aligned with emerging trends. We plan to establish an outsourced mobile phone business function, while also boosting revenue through expanded investments in the AI and electric vehicle sectors. Guided by the spirit of “Service, Innovation, and Pursuit of Excellence,” we encourage total employee involvement under the principle of “What passes through our hands is the best.” This ensures that our products meet customer expectations in terms of quality, delivery time, and cost. By leveraging our strengths in quality, continuous R&D innovation, and our commitment to energy efficiency, carbon reduction, and environmental sustainability, we are steadily progressing toward our medium-to-long-term goal of achieving annual revenues of NT\$5 billion.

Chairman: Joseph Hsu



General Shareholders' Meeting, June 2025

Two. Corporate Governance Report

I. Information on the directors, general manager, vice general managers, assistant vice general managers, and supervisors of various departments and branches

(I) Directors

Information of the Directors (I)

April 7, 2025

Unit: shares; %

Title	Nationality or place of registration	Name	Gender Age	Elected (inaugurated) incorporation	Term of office term	Date of first election	Shares held at the time of election		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main career (academic) qualifications	Position(s) held concurrently in the Company/in any other company	Other officers and directors who are spouses or relatives within the 2nd degree of kinship			Note
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Joseph Hsu	Male Aged 71~80	2023.06.09	3	1990.06.13	5,442,512	5.86	6,156,038	5.86	1,017,992	0.97	-	-	EMBA, National Central University Department of Business Administration, National Chung Hsing University Manager, TDK Corporation Vice General Manager, General Manager, and Chairman of ABC Taiwan	Chairman of AGZ, AES, Qian Hua Investment Co., Ltd., AAE, ATEC Holding Company, and Yuan Yu Limited Director of AOBA and Qian Jung Investment Co., Ltd. (see note)	Director Director	Tommy Hsu Hsu Chen, Huei-Tsung	Father and so Spouse	-
Director	USA	CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc Representative: Kuo Dan-Wei		2023.06.09	3	2017.06.28	8,068,793	8.68	9,117,736	8.68	-	-	-	-	-	-	-	-	-	-
	Republic of China		Male Aged 61~70				-	-	-	-	-	-	-	-	President, Bourns Electronics (Taiwan) Ltd.	President, Bourns Electronics (Taiwan) Ltd.	-	-	-	-
Director	Republic of China	Francis Fan	Male Aged 61~70	2023.06.09	3	1990.06.13	1,144,894	1.23	1,293,730	1.23	43,017	0.04	-	-	Ph.D. in Resource Engineering, National Cheng Kung University EMBA, National Tsing Hua University Department of Electronic Engineering, Xinyu University of Technology Assistant General Manager, Vice General Manager and General Manager of the Company	Director of AGZ, AES, AOBA, Qian Hua Investment Co., Ltd., ATEC Universal Company, and Yuan Yu Limited (see note)	-	-	-	-
Director	Republic of China	Tommy Hsu	Male Aged 41~50	2023.06.09	3	2014.06.24	1,450,089	1.56	1,638,600	1.56	304,205	0.29	-	-	MBA, University of Missouri Manager, ABC America Electronics Corp. Manager and Vice General Manager of the Company's automotive electronics products; General Manager of Malaysia Factory	Director and President of AOBA Director of AGZ, AES, AAE, Atec International Company, Yuan Yu Limited, Qian Jung Investment Co., Ltd., and Qian Hua Investment Co., Ltd. (see note)	Director Director	Joseph Hsu Hsu Chen, Huei-Tsung	Father and so Mother and son	-
Director	Republic of China	Polter Hong	Male Aged 51~60	2023.06.09	3	2011.06.02	171,475	0.18	188,766	0.18	2,124	0.00	-	-	Master of Business Administration, Tatung University Manager, Vice General Manager, Financial Department, Fan Shiang Electronics Co., Ltd. Special Assistant to General Manager, Vice General Manager of the Company; General Manager of Shanghai Factory	AGZ, AES, AOBA directors (see note)	-	-	-	-
Director	Republic of China	Hsu Chen, Huei-Tsung	Female Aged 71~80	2023.06.09	3	2020.06.23	900,878	0.97	1,017,992	0.97	6,156,038	5.86	-	-	Department of Chinese Literature, Providence University Junior high school teacher	Chairman, Qian Jung Investment Co., Ltd.	Director Director	Joseph Hsu Tommy Hsu	Spouse Mother and son	-

Title	Nationality or place of registration	Name	Gender Age	Elected (inaugurated) incorporation	Term of office term	Date of first election	Shares held at the time of election		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main career (academic) qualifications	Position(s) held concurrently in the Company/in any other company	Other officers and directors who are spouses or relatives within the 2nd degree of kinship			Note
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Chen Chin-Yi	Male Aged 51~60	2023.06.09	3	2023.06.09	142,461	0.15	175,980	0.17	1,430	0.00	-	-	EMBA, National Tsing Hua University R&D Manager and Vice General Manager of the Company, and Executive Vice General Manager of Guangzhou Plant	Vice President of ABC Taiwan President of Guangzhou ABC Electronics Corp. General Manager of ABC Electronics (Shanghai) Corp.	-	-	-	-
Independent Director	Republic of China	Wang, Yung-Cheng	Male Aged 81~90	2023.06.09	3	2003.06.25	-	-	-	-	-	-	-	-	Professor of Department of Business Administration, National Chung Hsing University Dean of General Affairs, College of Business Administration, National Chung Hsing University Professor, Department of Business Administration, National Taipei University Professor, Department of Business Administration, Tatung University of Science and Technology	Member of Audit Committee and Remuneration Committee	-	-	-	-
Independent Director	Republic of China	Yu-Shan Chang	Male Aged 51~60	2023.06.09	3	2023.06.09	-	-	-	-	-	-	-	-	Dean, College of Electrical Engineering and Computer Science; Distinguished Professor, Department of Computer Science and Information Engineering; Professor, Department of Computer Science and Information Engineering; Associate Professor, Department of Computer Science and Information Engineering, National Taipei University	Member of Audit Committee and Remuneration Committee	-	-	-	-
Independent Director	Republic of China	Chen Yu-Shan	Male Aged 51~60	2024.06.03	2	2023.05.30	-	-	-	-	-	-	-	-	Distinguished Professor and Secretary, Department of Business Administration, National Taipei University Distinguished Professor and Dean of the College of Business Administration, National Taipei University	Member of Audit Committee and Remuneration Committee	-	-	-	-
Independent Director	Republic of China	Cheng Kwai-Hui	Female 61~70	2024.06.03	2	2024.06.03	-	-	-	-	-	-	-	-	Professor, Department of Accounting, National Taipei University	Member of Audit Committee and Remuneration Committee	-	-	-	-

Notes: 1. ABC Guangzhou Electronics Corp. (AGZ), ABC Electronics (Shanghai) Corp. (AES), AOBA TECHNOLOGY (M) SDN. BHD. (AOBA), ABC America Electronics Corp. (AAE), Qian Hua Investment Co., Ltd. (referred to as Qian Hua Investment), and Qian Jung Investment Co., Ltd. (referred to as Qian Jung Investment).

2. The Company does not have a Chairperson and General Manager or person of an equivalent post (the highest level manager) who are the same person, spouses, or relatives of first degree of kinship.

Major shareholders of corporate shareholders

Name of corporate shareholder	Major shareholders of corporate shareholders
Bourns Inc. (CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc.)	Anita Bourns Macbeth Family LLC (25.68%) Gordon L. Bourns Family LLC (25.33%) Linda Bourns Hill Family LLC (24.75%) Denise Bourns Moyles Family LLC (24.24%)

Information of the Directors (II)

1. Information disclosure on the professional qualifications of the directors and the independence of the independent directors

Criteria Name	Professional qualifications and experience	Status of compliance (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Joseph Hsu	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Manager, TDK Corporation Vice General Manager, General Manager, and Chairman of ABC Taiwan	Not applicable	-
CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc. Representative: Kuo Dan-Wei	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act President, Bourns Electronics (Taiwan) Ltd.	Not applicable	-
Francis Fan	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Assistant General Manager, Vice General Manager and General Manager of the Company	Not applicable	-
Polter Hong	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Manager, Vice General Manager, Financial Department, Fan Shaing Electronics Co., Ltd. Special Assistant to General Manager, Vice General Manager of the Company; General Manager of Shanghai Factory	Not applicable	-
Tommy Hsu	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Manager, ABC America Electronics Corp. Manager and Vice General Manager of the Company's automotive electronics products; General Manager of Malaysia Factory	Not applicable	-
Chen Chin-Yi	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Vice General Manager of the Company President of Guangzhou ABC Electronics Corp. General Manager of ABC Electronics (Shanghai) Corp.	Not applicable	-
Hsu Chen, Huei-Tsung	Possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Junior high school teacher	Not applicable	-

Wang, Yung-Cheng	A member of a functional committee (audit, remuneration); possesses work experience required by business and corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Professor and Dean of General Affairs, College of Business Administration, National Chung Hsing University Professor, Department of Business Administration, National Taipei University	1. None of his/her spouse, relatives within the 2nd degree of kinship have served as directors, supervisors, or employees of the Company. 2. None of his/her spouse, relatives within the 2nd degree of kinship (or in the name of another person) held any shares of the Company. 3. Not a director, supervisor, or employee of a company specifically related to the Company. 4. Not receiving compensation for providing business, legal, financial and accounting services to the Company or its affiliated companies in the past 2 years.	-
Yu-Shan Chang	A member of a functional committee (audit, remuneration); possesses work experience required by corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Dean, College of Electrical Engineering, National Taipei University Distinguished Professor, Department of Information Engineering, National Taipei University	1. None of his/her spouse, relatives within the 2nd degree of kinship have served as directors, supervisors, or employees of the Company. 2. None of his/her spouse, relatives within the 2nd degree of kinship (or in the name of another person) held any shares of the Company. 3. Not a director, supervisor, or employee of a company specifically related to the Company. 4. Not receiving compensation for providing business, legal, financial and accounting services to the Company or its affiliated companies in the past 2 years.	-
Chen Yu-Shan (Note 1)	A member of a functional committee (audit, remuneration); possesses work experience required by corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Distinguished Professor and Secretary, Department of Business Administration, National Taipei University	1. None of his/her spouse, relatives within the 2nd degree of kinship have served as directors, supervisors, or employees of the Company. 2. None of his/her spouse, relatives within the 2nd degree of kinship (or in the name of another person) held any shares of the Company. 3. Not a director, supervisor, or employee of a company specifically related to the Company. 4. Not receiving compensation for providing business, legal, financial and accounting services to the Company or its affiliated companies in the past 2 years.	1
Cheng Kwai-Hui (Note 2)	A member of a functional committee (audit, remuneration); possesses work experience required by corporate operations and does not meet the circumstances specified in Article 30 of the Company Act Professor, Department of Accounting, National Taipei University	1. None of his/her spouse, relatives within the 2nd degree of kinship have served as directors, supervisors, or employees of the Company. 2. None of his/her spouse, relatives within the 2nd degree of kinship (or in the name of another person) held any shares of the Company. 3. Not a director, supervisor, or employee of a company specifically related to the Company. 4. Not receiving compensation for providing business, legal, financial and accounting services to the Company or its affiliated companies in the past 2 years.	

Note 1: Director Chen, Yu-Shan was newly elected at the shareholders' meeting on June 8, 2024.

Note 2: Director Cheng, Kwai-Hui was newly elected at the shareholders' meeting on June 8, 2024.

2. Diversity and independence of the Board

- (1) At present, the Company's Board of Directors consists of 11 members with diverse backgrounds, including industry, academia, and accounting expertise. The 16th Board comprises 11 directors, including 4 independent directors, representing 36% of the Board. In 2024, an additional female director was elected, bringing the total number of female directors to 2, or 18% of the Board. The Company plans to increase female representation to one-third of the Board in the next election. There are 3 directors with spousal or second-degree kinship relationships, accounting for 27%, therefore the Company's Board of Directors maintains independence.
- (2) The implementation of the diversity and independence policies of the Board of Directors is as follows:

Names of director	Title	Nationality	Gender	Holding a concurrent position as an employee of the Company	Age of director			Term and seniority of independent directors			Core items						
					Under 60 years old	60-70 years old	Over 70 years old	Less than 3 years	3 to 9 years	More than 9 years	The ability to make judgments about operations	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	An international market perspective	Leadership ability
Joseph Hsu	Chairman	Republic of China	Male	√			√				√	√	√	√	√	√	√
CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc. - Representative : Kuo Dan-Wei Representative : Kuo Dan-Wei	Director	USA Republic of China	Male			√					√	√	√	√	√	√	√
Francis Fan	Director	Republic of China	Male	√		√					√	√	√	√	√	√	√
Polter Hong	Director	Republic of China	Male		√						√	√	√	√	√	√	√
Tommy Hsu	Director	Republic of China	Male	√	√						√	√	√	√	√	√	√
Chen Chin-Yi	Director	Republic of China	Male	√	√						√	√	√	√	√	√	√
Hsu Chen, Huei-Tsung	Director	Republic of China	Female				√				√						
Wang, Yung-Cheng	Independent Director	Republic of China	Male				√			√	√	√	√				
Yu-Shan Chang	Independent Director	Republic of China	Male		√			√			√	√	√	√	√	√	√
Chen, Yu-Shan (Note 1)	Independent Director	Republic of China	Male		√			√			√	√	√	√	√	√	√
Cheng, Kwai-Hui (Note 2)	Independent Director	Republic of China	Female			√		√			√	√	√	√	√	√	√

Note 1: Director Chen, Yu-Shan was newly elected at the shareholders' meeting on June 8, 2024.

Note 2: Director Cheng, Kwai-Hui was newly elected at the shareholders' meeting on June 8, 2024.

(II) Information on the general manager, vice general managers, assistant vice general managers, and supervisors of various departments and branches

April 7, 2024 Unit: shares; NT\$ thousand; %

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Main career (academic) qualifications	Position(s) held concurrently in any other company	Other managers who are spouses or relatives within the 2nd degree of kinship			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
General Manager	Republic of China	Francis Fan	Male	2021.01.01	1,293,730	1.23	43,017	0.04	-	-	Ph.D. in Resource Engineering, National Cheng Kung University EMBA, National Tsing Hua University Department of Electronic Engineering, Xipu University of Technology Assistant General Manager, Vice General Manager and General Manager of the Company	Director of AGZ, AES, AOBA, Qian Hua Investment Co., Ltd., ATEC Universal Company, and Yuan Yu Limited (see note)	Assistant General Manager	Fan, Liang-Hsiu	Collateral relative within the second degree of kinship	-
Vice general manager	Republic of China	Tommy Hsu	Male	2009.09.01	1,638,600	1.56	304,205	0.29	-	-	MBA, University of Missouri Manager, ABC America Electronics Corp. Manager and Vice General Manager of the Company's automotive electronics products; General Manager of Malaysia Factory	Director and President of AOBA Director of AGZ, AES, AAE, Atec International Company, Yuan Yu Limited, Qian Jung Investment Co., Ltd., and Qian Hua Investment Co., Ltd. (see note)	-	-	-	-
Vice general manager	Republic of China	Chen Chin-Yi	Male	2021.09.01	175,980	0.17	1,430	0.00	-	-	EMBA, National Tsing Hua University Department of Electronic Engineering, Southern Taiwan University of Science and Technology Assistant General Manager of the Company	President of AGZ (see note)	-	-	-	-

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Main career (academic) qualifications	Position(s) held concurrently in any other company	Other managers who are spouses or relatives within the 2nd degree of kinship			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Assistant General Manager	Republic of China	Cheng Shao-Yen	Male	2009.08.01	538,590	0.51	-	-	-	-	Department of Secretarial Affairs, National Shih Chien University The Company's manager	Director of AAE	-	-	-	-
Assistant General Manager	Republic of China	Hsu Shih-Feng	Male	2023.12.01	45,000	0.04	-	-	-	-	Ph.D. in Applied Chemistry, National Chiao Tung University R&D Manager, AUO	Director of AGZ, AES	-	-	-	-
Assistant General Manager	Republic of China	Fan, Liang-Hsiu	Male	2024.04.16	397	0.00	-	-	-	-	Department of Information Management, Chung Yuan Christian University IT Project Manager, Merck Taiwan	-	General Manager	Francis Fan	Collateral relative within the second degree of kinship	-
Assistant General Manager	Republic of China	Luo, Wen-Yen	Male	2024.12.01	45,120	0.04	-	-	-	-	Department of Chemical Engineering, Vanung University Department of Materials, Chung Yuan Christian University (did not complete program) Assistant General Manager of the Company	Associate, AGZ	-	-	-	-
Chief Accounting Officer	Republic of China	Cheng Ya-Yun	Female	2022.04.01	1,130	0.00	-	-	-	-	Master of Accounting, National Central University Department of Accounting, Fu Jen Catholic University PwC Taiwan	-	-	-	-	-

Notes: 1. ABC Guangzhou Electronics Corp. (AGZ), ABC Electronics (Shanghai) Corp. (AES), AOBA Technology(M) CO., LTD. (AOBA), ABC America Electronics Corp. (AAE), Qian Hua Investment Co., Ltd. (referred to as Qian Hua Investment), and Qian Jung Investment Co., Ltd. (referred to as Qian Jung Investment).

2. The Company does not have a Chairperson and General Manager or person of an equivalent post (the highest level manager) who are the same person, spouses, or relatives of first degree of kinship.

II. Remuneration paid to directors, general manager and vice general manager in the most recent year

(I) Remuneration to non-independent and independent directors

Title	Name	Remuneration to directors								Total sum of A, B, C and D and their proportion to net income after tax		Remuneration received as company part-time employee								Total sum of A, B, C, D, E, F and G, and their proportion to net income after tax (%)		Remuneration received from investees other than subsidiaries or parent company
		Remuneration (A)		Pension (B)		Remuneration to director (C)		Expenses for services rendered (D)				Salaries, bonuses and special allowances (E)		Pension (F)		Remuneration to employees (G)						
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report			
Chairman	Joseph Hsu	960	960	0	0	184	184	32	32	1,176 26.45%	1,176 26.45%	12,128	15,742	99	99	159	0	159	0	13,562 305.04%	17,176 386.32%	None
Director	CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc. Representative: Kuo Dan-Wei																					
Director	Francis Fan																					
Director	Polter Hong																					
Director	Tommy Hsu																					
Director	Hsu Chen, Huei-Tsung																					
Director	Chen Chin-Yi																					
Independent Director	Wang, Yung-Cheng	380	380	0	0	105	105	34	34	519 11.67%	519 11.67%	0	0	0	0	0	0	0	0	519 11.67%	519 11.67%	None
Independent Director	Yu-Shan Chang																					
Independent Director	Chen, Yu-Shan (Note 1)																					
Independent Director	Cheng, Kwai-Hui (Note 2)																					

Note 1: The new directors elected at the shareholders' meeting on June 8, 2024, and the remuneration is disclosed from the date of self-assumption of office.

Note 2: The new directors elected at the shareholders' meeting on June 8, 2024, and the remuneration is disclosed from the date of self-assumption of office.

1. Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors:

The remuneration to directors and independent directors is negotiated with reference to the payment level of peers in the same industry. After evaluating the Company's current scale of operation and the Company's current operation, the Company's policy of remuneration to directors is positively related to the Company's business performance and future risk exposure.

2. In addition to the disclosure in the table above, in the most recent fiscal year, remuneration received by directors (e.g., serving as a consultant for a non-employee of the parent company/companies in the financial statements/investment businesses): NT\$2,262 thousand.

Range of Remuneration Table

Range of remuneration paid to each director	Names of director			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial report H	The Company	All companies included in the financial report I
Below NT\$1,000,000	Joseph Hsu, CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc., Francis Fan, Polter Hong, Tommy Hsu, Hsu Chen Huei-Tsung, Chen Chin-Yi, Wang, Yung-Cheng, Chang Yu-Shan, Chen Yu-Shan, Cheng Kwai-Hui	Joseph Hsu, CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc., Francis Fan, Polter Hong, Tommy Hsu, Hsu Chen Huei-Tsung, Chen Chin-Yi, Wang, Yung-Cheng, Chang Yu-Shan, Chen Yu-Shan, Cheng Kwai-Hui	CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc., Polter Hong, Hsu Chen, Huei-Tsung, Wang, Yung-Cheng, Chang Yu-Shan, Chen Yu-Shan, Cheng Kwai-Hui	CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc., Polter Hong, Hsu Chen, Huei-Tsung, Wang, Yung-Cheng, Chang Yu-Shan, Chen Yu-Shan, Cheng Kwai-Hui
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	-	-	Chen Chin-Yi, Tommy Hsu	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-	Joseph Hsu, Francis Fan	Joseph Hsu, Francis Fan, Chen Chin-Yi, Tommy Hsu
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	11 persons	11 persons	11 persons	11 persons

Note 1: Names of directors shall be separately presented (for corporate shareholders, the name of the corporate shareholder and its representative are presented separately) and distinguished between independent and non-independent directors, while the amounts are presented in aggregate sums. If a director is concurrently the general manager or vice general manager, fill in this table and the following table (3-1), or the following table (3-2-1) and (3-2-2).

Note 2: Refers to the remuneration of directors in the most recent year (including directors' salary, job bonus, severance payment, various bonuses, incentives, etc.).

Note 3: This is the amount of director remuneration approved by the Board of Directors in the most recent year.

Note 4: Refers to a director's relevant business execution expenses in the most recent year (including transportation fees, special expenses, various allowances, dormitory, vehicle allocation, etc.). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but it will not be included in the remuneration. Also, salary expenses recognized in accordance with IFRS2 "shares-based payment", including obtaining employee stock options, restricting employee rights, new shares, and participating in capital injection subscription shares, should also be included in remuneration.

Note 5: Refers to the salary, job bonus, severance payment, various bonuses, incentive payments, transportation fees, special expenses, various allowances, dormitory, vehicle allocation and other in-kind provisions received by directors who also serve as employees (including also serving as a general manager, vice general manager, other officer or employee) in the most recent fiscal year. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but it will not be included in the remuneration. Also, salary expenses recognized in accordance with IFRS2 "shares-based payment", including obtaining employee stock options, restricting employee rights, new shares, and participating in capital injection subscription shares, should also be included in remuneration.

Note 6: Refers to those who have received employee remuneration (including stocks and cash) for concurrent directors (including concurrently serving as a general manager, vice general manager, other officer or employee) in the most recent year. The amount of employee remuneration approved by the Board of Directors in the most recent year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached Table 1-3 shall be filled in.

Note 7: The total amount of remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated report should be disclosed.

Note 8: The Company pays the total amount of remuneration to each director, and reveals the name of the director in the attribution level.

Note 9: The total amount of remuneration paid to each director of the Company by all companies (including the Company) in the consolidated report should be disclosed, and the names of the directors should be

disclosed in the attribution level.

Note 10: Profit after tax refers to the net profit after tax on the parent company only or individual financial reports.

Note 11: a. This column should clearly indicate the amount of relevant remuneration received by the directors of the Company from the subsidiary company or the parent company. (If there is none, please fill in "None").

b. If the directors of the Company receive relevant remuneration from the out-of-subsidary investment business or the parent company, they shall transfer the remuneration received by the Company directors to the out-of-subsidary investment business or the parent company. Incorporate this into column I of the remuneration grading table and change the name of the column to "Parent Company and All Reinvested Enterprises".

c. Remuneration refers to the compensation, remuneration (including remuneration of employees, directors and supervisors) and business execution expenses received by the directors of the Company as directors, supervisors or officers of non-subsidary investment enterprises or parent company remuneration.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

(II) Remuneration to supervisors

The Company established an Audit Committee in accordance with the Securities and Exchange Act at the shareholders' meeting held on 2020/6/23, and the supervisors were dismissed on 2020/6/23.

(III) Remuneration to General Manager and Vice General Manager

(III) Remuneration to General Manager and Vice General Manager														
Title	Name	Salary (A)		Pension (B)		Bonuses and special allowances (C)		Remuneration to Employees (D)				Total sum of A, B, C and D and their proportion to net income after tax(%)		Remuneration received from investees other than subsidiaries or parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General Manager	Francis Fan	7,334	10,309	99	99	1,247	1,247	115	0	115	0	8,795 197.82%	11,770 264.73%	None
Vice General Manager	Tommy Hsu													
Vice General Manager	Chen Chin-Yi													

Range of Remuneration Table

Range of remuneration to the general director and deputy general manager	Name of general manager and vice general manager	
	The Company	All companies included in the financial report E
Below NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Francis Fan, Tommy Hsu, Chen Chin-Yi	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	Francis Fan, Tommy Hsu, Chen Chin-Yi
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	3 persons	3 persons

Note 1: Names of the general manager and vice general manager shall be separately presented, while the amounts are presented in aggregate sums.

Note 2: Refers to the salary, job bonus and severance payment for general manager and vice general manager.

Note 3: Refers to various bonuses, incentive payments, transportation fees, special expenses, various allowances, dormitory, vehicle allocation and other in-kind provisions and other remuneration received by general manager and vice general manager in the most recent fiscal year. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but it will not be included in the remuneration. Also, salary expenses recognized in accordance with IFRS2 "shares-based payment", including obtaining employee stock options, restricting employee rights, new shares, and participating in capital injection subscription shares, should also be included in remuneration.

Note 4: The amount of employee remuneration (including stocks and cash) approved by the Board of Directors for distribution to the general manager and vice general manager in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached Table 1-3 shall be filled in.

Note 5: The total amount of remuneration paid by all companies (including the Company) to the general manager and vice general manager of the Company in the consolidated report should be disclosed.

Note 6: The Company pays the total amount of remuneration to each general manager and vice general manager, and reveals the names of the general manager and vice general manager in the attribution level.

Note 7: The total amount of remuneration paid to each general manager and vice general manager of the Company by all companies (including the Company) in the consolidated report shall be disclosed, and the names of the general manager and vice general manager shall be disclosed in the attribution level.

Note 8: Net income refers to profit after tax of a parent only company or individual financial report in the most recent fiscal year.

Note 9: a. This column should clearly state the amount of relevant remuneration received by the general manager and vice general manager of the Company from the subsidiary company or the parent company (if none, please fill in "none").

b. If the general manager or vice general manager of the Company receives relevant remuneration from the out-of-subsidary investment

business or the parent company, they shall transfer the remuneration received by the general manager or vice general manager of the Company to the out-of-subsidary investment business or the parent company. Incorporate this into column I of the remuneration grading table and change the name of the column to "Parent Company and All Reinvested Enterprises".

- c. Remuneration refers to when a general manager and vice general manager of the Company serves as a director, supervisor, or officer of reinvested businesses or parent companies, etc. other than a subsidiary and in that position receives remuneration or rewards (including remuneration for employees, directors and supervisors) and payments related to business execution expenses.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

Note 10: The Company does not have the matters described in Article 10-2-3 of the "Regulations Governing Information to be Published in Annual Reports of Public Companies", so it is not necessary to disclose the remuneration information of the top five department heads (such as General Manager, Deputy General Manager, CEO, or financial head) with the highest remuneration.

(IV) Names of officers who receive employee remuneration and distribution status

April 8, 2025

Unit: NTD thousand

	Title	Name	Amount in stock	Amount in cash	Total	Total amount to net income after tax (%)
Managerial officer	General Manager	Francis Fan	-	255	255	5.74%
	Vice general manager	Tommy Hsu				
	Vice general manager	Chen Chin-Yi				
	Assistant General Manager	Hsieh Tsai-Hsien (Note 1)				
	Assistant General Manager	Cheng Shao-Yen				
	Assistant General Manager	Hsu, Shih-Feng				
	Assistant General Manager	Fan, Liang-Hsiu				
	Assistant General Manager	Luo, Wen-Yen				
	Chief Accounting Officer	Cheng Ya-Yun				
	Chief of Internal Auditor	Chiang Cheng-Yu				
	Chief of corporate governance	Chiu Mai-Yen (Note 2)				
	Chief of corporate governance	Wang Shu-Hua				

Note 1: Retirement on June 30, 2024.

Note 2: Discharged on August 9, 2024 due to job rotation.

(V) Analysis of the total remuneration paid to the directors, general manager and vice general managers of the company for the 2 most recent fiscal years by the company and all companies in the consolidated financial statements as a proportion to net income after tax of parent company only financial reports or individual financial reports; and explain the payment of remuneration policies, standards and combinations, procedures for determining remuneration, and their correlation with business performance and future risks:

1. Analysis of the total remuneration paid to the directors, general manager and vice general managers of the company for the 2 most recent fiscal years by the company and all companies in the consolidated financial statements as a proportion to net income after tax of parent company only financial reports or individual financial reports:

Title \ Year	2023		2024	
	The Company	All companies included in the financial report	The Company	All companies included in the financial report
Director	43.91%	50.24%	316.71%	397.99%
Supervisor	-	-	-	-
General director and vice general manager	29.53%	36.38%	197.82%	264.73%

2. Payment of remuneration policies, standards and combinations, procedures for determining remuneration, and their correlation with business performance and future risks:

- (1) The proportion of remuneration paid to directors, general manager and vice general manager to the Company's net income after tax increased in 2024 compared to 2023 was mainly due to the increase in the ratio of payment as a result of profit decrease in 2024.
- (2) The remuneration to the Company's directors and supervisors is based on the remuneration to directors and supervisors stipulated in the Company's Articles of Incorporation, while taking into consideration of the general remuneration in the same industry of monthly payment between NT\$10 to NT\$20 thousand. If the director or supervisor is concurrently an employee, he/she would receive salary, bonuses and employee remuneration according to company regulations.
- (3) The Company's general manager and vice general manager receive bonuses and employee remuneration based on the business performance, in addition to salaries specified by the Company regulations. The Company established a Remuneration Committee on 2011/12/28, and the remuneration for directors and company officers is given in accordance with the Remuneration Committee Charter.
- (4) Correlation with business performance and future risks: The Company's remuneration policy and related payment standards and system are reviewed with the Company's overall operating conditions being the main consideration. The payment standard is approved according to the performance achievement rate and contribution. In doing this, we are able to enhance the effectiveness of the Board of Directors and the organizational team as a whole. In addition, the Company will refer to the remuneration standards in the industry and ensure that the remuneration of the management is competitive with the industry in order to retain outstanding management talent.

III. Operations of corporate governance

(I) Operations of the Board of Directors

The term of office of the current Board of Directors (16th): June 9, 2023 to June 8, 2026.

In 2024 and 2025 up to the printing date, the 16th Board of Directors had held 10 meetings (C), and the attendance of directors/independent directors is as follows:

Title	Name	Attendance in person [D]	Attendance by proxy	Actual attendance rate (%) [D/C]	Note
Chairman	Joseph Hsu	10	0	100%	
Director	CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc. Representative: Tan-Wei Kuo	9	0	90%	
Director	Francis Fan	10	0	100%	
Director	Polter Hong	10	0	100%	
Director	Tommy Hsu	9	1	90%	
Director	Chen Chin-Yi	10	0	100%	
Director	Hsu Chen, Huei-Tsung	10	0	100%	
Independent Director	Wang, Yung-Cheng	10	0	100%	
Independent Director	Yu-Shan Chang	10	0	100%	
Independent Director	Chen Yu-Shan	6	0	100%	Newly elected on June 3, 2024
Independent Director	Cheng Kwai-Hui	5	1	83%	Newly elected on June 3, 2024

◎: Attendance in person; ☆: Attendance by proxy; △ : Leave of absence

Title	Name	16th term					Note
		5th meeting	6th meeting	7th meeting	8th meeting	9th meeting	
		20240123	20240311	20240329	20240509	20240603	
Chairman	Joseph Hsu	◎	◎	◎	◎	◎	
Director	CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc. Representative: Tan-Wei Kuo	◎	◎	◎	◎	△	
Director	Francis Fan	◎	◎	◎	◎	◎	
Director	Polter Hong	◎	◎	◎	◎	◎	
Director	Tommy Hsu	◎	◎	◎	◎	◎	
Director	Chen Chin-Yi	◎	◎	◎	◎	◎	
Director	Hsu Chen, Huei-Tsung	◎	◎	◎	◎	◎	
Independent Director	Wang, Yung-Cheng	◎	◎	◎	◎	◎	
Independent Director	Yu-Shan Chang	◎	◎	◎	◎	◎	
Independent Director	Chen Yu-Shan					◎	Newly elected on June 3, 2024
Independent Director	Cheng Kwai-Hui					◎	Newly elected on June 3, 2024

◎: Attendance in person; ☆: Attendance by proxy; △ : Leave of absence

Title	Name	16th term					Note
		10th meeting	11th meeting	12th meeting	13th meeting	14th meeting	
		20240809	20241108	20241203	20250120	20250310	
Chairman	Joseph Hsu	◎	◎	◎	◎	◎	
Director	CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc. Representative: Tan-Wei Kuo	◎	◎	◎	◎	◎	
Director	Francis Fan	◎	◎	◎	◎	◎	
Director	Polter Hong	◎	◎	◎	◎	◎	
Director	Tommy Hsu	◎	◎	◎	◎	☆	
Director	Chen Chin-Yi	◎	◎	◎	◎	◎	
Director	Hsu Chen, Huei-Tsung	◎	◎	◎	◎	◎	
Independent Director	Wang, Yung-Cheng	◎	◎	◎	◎	◎	
Independent Director	Yu-Shan Chang	◎	◎	◎	◎	◎	
Independent Director	Chen Yu-Shan	◎	◎	◎	◎	◎	Newly elected on June 3, 2024
Independent Director	Cheng Kwai-Hui	◎	◎	☆	◎	◎	Newly elected on June 3, 2024

Implementation of the Board of Directors evaluation

TWSE/TPEX companies should disclose information including the evaluation cycle, evaluation period, evaluation scope, evaluation method and evaluation content of the Board's self (or peer) evaluation:

- (I) In order to implement corporate governance and enhance the functions of the Board of Directors, the Company conducts self-assessment in accordance with the "Self-Evaluation of the Board of Directors". The results of the self-assessment of the Board of Directors and its members, the Audit Committee and the Remuneration Committee are as follows. The evaluation standards and results were submitted to the Board of Directors on March 10, 2025:

Evaluation cycle	Once a year		
Evaluation period	2024.01.01-2024.12.31		
Evaluation scope	Evaluation method	Evaluation content	Evaluation results
Board of Directors	Internal self-evaluation	Participation in the Company's operations	Good
		Quality of the Board of Directors' decision making	
		Composition and structure of the Board of Director	
		Election and continuing education of the directors	
		Internal control	
Individual director	Self-evaluation of Board member	Alignment of the goals and missions of the company	Good
		Awareness of the duties of a director	
		Participation in the Company's operations	
		Management of internal relationship and communication	
		The director's professionalism and continuing education.	
		Internal control	
Audit Committee	Internal self-evaluation	Participation in the Company's operations	Good
		Awareness of the duties of the Audit	

		Committee	
		Improvement of quality of decisions made by the Audit Committee	
		Composition and structure of the Audit Committee	
		Internal control	
Remuneration Committee	Internal self-evaluation	Participation in the Company's operations	Good
		Awareness of the duties of the Remuneration Committee	
		Improvement of quality of decisions made by the Remuneration Committee	
		Composition and structure of the Remuneration Committee	
		Internal control	

(II) Overall, the Board of Directors and functional committees operate well. The Company will continue to refine the functions of the Board of Directors based on the results of this performance evaluation to improve the effectiveness of corporate governance. In addition, in accordance with Article 9 of the "Procedures for Self-Evaluation on the Performance of the Board of Directors," the results of the performance evaluation of the Board of Directors shall be used as a reference for the selection or nomination of directors. The performance evaluation results of individual directors shall be used as a reference for determining their respective remuneration.

Other information required for disclosure:

- I. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company responded to such opinions:
- (I) Matters listed in Article 14-3 of the Securities and Exchange Act: None.
 - (II) Except for the preceding matters, any matter resolved by the Board of Directors with an independent director expressing an objection or reservation that has been included in records or stated in writing: None.
- II. Recusal of the directors from motions involving their interest, specify the names of the directors, the content of the motions, the reason for recusal, and the participation in voting:

Board of Directors	Names of director	Content of motion	Reason for recusal and participation in voting
2024.01.23 5th meeting of the 16th term	Chairman Joseph Hsu, Directors Francis Fan, Tommy Hsu, Chen Chin-Yi	Approved the motion for base for 2023 year-end bonus and distribution of year-end bonus to company officers.	As this motion involved the interests of directors, they are listed as parties of interest. These directors recused themselves and did not participate in discussion and voting of the motion. The remaining directors voted without objection and the motion was approved as proposed.
2024.08.09 10th meeting of the 16th term	Chairman Joseph Hsu, Directors Francis Fan, Tommy Hsu, Chen Chin-Yi, Hsu Chen, Huei-Tsung	Motion for 2023 distribution of remuneration to company officers	As this motion involved the interests of directors and the second degree of kinship, they are listed as parties of interest. These directors recused themselves and did not participate in discussion and voting of the motion. The remaining directors voted without objection and the motion was approved as proposed.
	Chairman Joseph Hsu, Directors CTBC Bank was entrusted with the custody of the investment account of	Motion for 2023 distribution of remuneration to directors.	All directors recused themselves from the discussion and voting due to the conflict of interest. When reviewing the remuneration to independent directors, independent directors recuse themselves; when reviewing the remuneration to

	Bourns, Inc. - Representative Kuo Dan-Wei, Francis Fan, Tommy Hsu, Chen Chin-Yi, Polter Hong, Hsu Chen, Huei-Tsung, and Independent Directors Wang Yung-Cheng, Chang Yu-Shan		general directors, general directors recuse themselves, and the Chairman appointed the independent director, Yung-Cheng Wang, as the acting chairperson. The proposal was approved as proposed without objection from attending directors, after being inquired by the chair and the acting chair.
2025.01.20 13th meeting of the 16th term	Chairman Joseph Hsu, Directors Francis Fan, Tommy Hsu, Chen Chin-Yi, Hsu Chen, Huei-Tsung	Base for 2024 year-end bonus and distribution of year-end bonus to company officers	Chairman Joseph Hsu, Directors Francis Fan, Tommy Hsu, Chen Chin-Yi concurrently serve as managers. Director Hsu Chen, Huei-Tsung is both the spouse and a relative within the second degree of kinship of Chairman Hsu. These five individuals are considered interested parties and recused themselves from discussion and voting on the motion. Independent Director Yung-Cheng Wang was appointed by the Chairman to act as the meeting chair. The motion was approved as proposed without objection from the directors present.

III. Objectives (e.g., forming an audit committee, improving information transparency) to enhance Board functions during the most recent fiscal year and evaluation of the implementation:

- (I) Deepen corporate governance
1. The Audit Committee was established after the 2020 AGM to serve as a functional committee.
 2. The results of the Company's corporate governance evaluation have been improving year by year, ranking 21%-35% in the latest evaluation, which demonstrates the importance of communication with stakeholders and determination of sustainable development in a responsible manner.
 3. To strengthen the functions of the Board of Directors and deepen corporate governance, the Company elected one female independent director and one additional male independent director in 2024, bringing the total number of independent directors to four (three male and one female). This initiative enhances the professional diversity and independence of the Board, aligns with corporate governance best practice principles, reinforces transparency and oversight in decision-making, and safeguards shareholder rights and the Company's sustainable development.
- (II) Improve information transparency
1. The Company has a spokesperson and deputy spokesperson system. Chinese and English versions of material financial and business information is disclosed on MOPS and the Company's website according to rules.
 2. Enhance disclosure of non-financial information: The Company compiled the 2020, 2021, 2022 and 2023 Sustainability Report in accordance with the GRI Standards, and passed the AA1000 TYPE I medium assurance level.
 3. Investors are paying more and more attention to the climate-related disclosures and TCFD and SASB perpetuity. The Company disclosed related information in the 2022 sustainability report for the first time, so as to help investors understand the impact of climate changes on the Company. This will also allow the Company to address the impact of climate changes on the Company and effectively assess the possible risks.

(II) Operations of the Audit Committee

An Audit Committee was formed at the 2020 general meeting of shareholders in accordance with the Securities and Exchange Act. The Committee consists entirely of independent directors, with at least three members.

The term of office of the current members: June 9, 2023 to June 8, 2026.

In 2024 and 2025 up to the printing date, the 2nd Audit Committee had held 5 meetings (A), and the attendance of directors is as follows:

Title	Name	Attendance in person [D]	Attendance by proxy	Actual attendance rate (%) [D/C]	Note
Convener	Wang, Yung-Cheng	5	0	100%	
Member	Yu-Shan Chang	5	0	100%	
Member	Chen Yu-Shan	3	0	100%	Newly elected on June 3, 2024
Member	Cheng Kwai-Hui	3	0	100%	Newly elected on June 3, 2024

◎: Attendance in person; ☆: Attendance by proxy; △ : Leave of absence

Title	Name	2nd term					Note
		4th meeting	5th meeting	6th meeting	7th meeting	8th meeting	
		20240311	20240509	20240809	20241108	20250310	
Convener	Wang, Yung-Cheng	◎	◎	◎	◎	◎	
Member	Yu-Shan Chang	◎	◎	◎	◎	◎	
Member	Chen Yu-Shan			◎	◎	◎	Newly elected on June 3, 2024
Member	Cheng Kwai-Hui			◎	◎	◎	Newly elected on June 3, 2024

Other information required for disclosure:

- I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the Audit Committee meeting held, the discussed topics, the content of the objections, reservations or material recommendations of independent directors, the Audit Committee's resolution, and how the company responded to Audit Committee's opinions.
- II. Important resolutions of the Audit Committee this year:
 - (I) Matters listed in Article 14-5 of the Securities and Exchange Act.
 - (II) Except for the preceding matters, any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all the independent directors.

Motions at each Audit Committee meeting that meets the requirements of the aforementioned tables (I) and (II) is summarized as follows:

Date of the meeting	Content of motion	Matters listed in Article 14-5 of the Securities and Exchange Act	Contents of the objections, reservations or material recommendations of independent directors	Any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all board directors	Resolution
2024.03.10 4th meeting of the 2nd term	The Company's 2023 business report and financial statements.	✓	None	None	The proposal was approved by all members unanimously, and submitted to the Board of Directors for discussion.
	Motion for 2023 "Statement of Internal Control"	✓	None	None	
	The 2023 earnings distribution.	✓	None	None	
2024.05.09 5th meeting of the 2nd term	Motion for 2024 Q1 financial statements	✓	None	None	The proposal was approved by all members unanimously, and submitted to the Board of Directors for discussion.
	Motion for amendments to some provisions of the Company's "Internal Control System" and "Internal Audit System".	✓	None	None	
2024.08.09 6th meeting of the 2nd term	Motion for 2024 Q2 financial statements	✓	None	None	The proposal was approved by all members unanimously, and submitted to the Board of Directors for discussion.
	Motion for the change of the head of audit team from 2024 Q3.	✓	None	None	
2024.11.08 7th meeting of the 2nd term	Motion for 2024 Q3 financial statements	✓	None	None	The proposal was approved by all members unanimously, and submitted to the Board of Directors for discussion.
	Motion for amendments to some provisions of the Company's	✓	None	None	

	"Internal Control System" and "Internal Audit System".				
2025.03.10 8th meeting of the 2nd term	2024 business report and financial statements	✓	None	None	The proposal was approved by all members unanimously, and submitted to the Board of Directors for discussion.
	2024 "Statement of Internal Control"	✓	None	None	
	2024 earnings distribution.	✓	None	None	

III. For recusal of the independent directors from motions involving their interest, specify the names of the independent directors, the content of the motions, the reason for recusal, and the participation in voting: None.

IV. State of communication between independent directors, chief internal auditor and accountants (such as materials matters, methods and results of communications on the Company's finances and business status):

(I) The accountants were present on the Audit Committee, independent directors communicated with the accountants on the results of the financial statements; the accountants explained the audit conclusions of the 2024 financial statements at the meeting; and the independent directors fully understood the financial statements and the 2024 audit report.

(II) The internal audit officer holds meetings with independent directors on a regular basis. If there is any instruction during the meeting, the Audit Office will act accordingly.

The Company's Chief Auditor attends the meetings of the Audit Committee and the Board of Directors to report on the audit operations, and communicates opinions on various matters.

Communication between independent directors and the head of the Internal Audit Office in 2024 is as follows:

Date of the meeting	Communication method	Related motion	Opinions of independent directors	Handling of opinions of the independent directors
2024.03.11	Symposium	1st internal audit report in 2024 by the Head of Internal Audit Office	Independent directors had no objections	Independent directors had no objections
2024.05.09	Symposium	2nd internal audit report in 2024 by the Head of Internal Audit Office	Independent directors had no objections	Independent directors had no objections
2024.08.09	Symposium	3rd internal audit report in 2024 by the Head of Internal Audit Office	Independent directors had no objections	Independent directors had no objections
2024.11.08	Symposium	4th internal audit report in 2024 by the Head of Internal Audit Office	Independent directors had no objections	Independent directors had no objections

V. The Company assessed the independence and suitability of CPAs with reference to the AQIs

The Audit Committee assesses the independence and suitability of its assigned CPAs on a yearly basis. In addition to requiring the CPAs to provide the "Declaration of Independence" and the "Audit Qualification Indicators (AQIs)" assessment, the assessment is also conducted in accordance with the criteria of Note 1 and 13 AQI indicators. It has been confirmed that the CPAs had no financial interests or business relationship with the Company, and that the CPAs' family members did not violate the independence requirements. By referring to the AQI index information, we confirm that the accountants as well as the firm have better audit experience and number of training hours is higher than the industry average. The assessment results for the most recent year were passed by the Audit Committee after discussion on March 10, 2025 and passed by the Board of Directors on March 10, 2025.

Note 1: The disclosure is based on five major areas and 13 indicators in the Audit Quality Indicators

(AQI) Disclosure Framework and Template released by the Financial Supervisory Commission and the disclosure is made at the "firm level" and "audit case level" according to the nature of the indicators.

- Professionalism: Audit experience, number of training hours, turnover rate, and professional support.
- Quality control: CPA workload, audit effort, EQCR review status, and quality control support capabilities.
- Independence: Non-audit services and client familiarity.
- Supervision: External inspections and disciplinary actions, and the competent authority issued letters for improvement.
- Innovation capability: Innovation plans or initiatives.

(III) State of corporate governance operations and any difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference

Evaluation item	State of operation			Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX
	Yes	No	Summary	
I. Has the company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The "Corporate Governance Best Practice Principles" was established in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and was approved and disclosed at the shareholders' meeting on June 3, 2024.	No major difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.
II. Equity structure and shareholders' equity				No major difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.
(I) Has the company formulated internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters and have the procedures been implemented accordingly?	✓		(I) The Company has established the "Rules of Procedure for Shareholders' Meetings" and the "Regulations Governing the Reporting of Illegal and Unethical Behaviors by Internal/External Personnel" and appointed a spokesperson to handle shareholders' suggestions and disputes.	
(II) Does the company possess a list of the company's major shareholders and a list of the ultimate controllers of its major shareholders?	✓		(II) The Company possesses a list of the its major shareholders and a list of the ultimate controllers of its major shareholders? through interaction with major shareholders.	
(III) Has the company established and implemented the risk control and firewall mechanisms between the affiliates?	✓		(III) The Company and its affiliated companies operate independently. Each company has its own internal control system to comply with.	
(IV) Has the company set up internal regulations to prohibit internal personnel from utilizing the undisclosed information to trade securities?	✓		(IV) In order to maintain the trading fairness of the stock market, the Company has established written guidelines in accordance with the relevant regulations of the competent authority and established the "Procedures for Handling Internal Material Information" and the "Rules Governing the Prevention of Insider Trading" for compliance.	

<p>III. Composition and duties of the Board of Directors</p> <p>(I) Has the board formulated a diversity policy and specific management objectives, and have they been implemented?</p> <p>(II) Apart from the remuneration committee and audit committee, has the company voluntarily established other functional committees?</p> <p>(III) Has the company established Regulations Governing the Board Performance Evaluation and its evaluation methods, and does the company conduct a performance evaluation each year, submit the performance evaluation results to the board of directors and use them as reference in determining remuneration for individual directors, and nomination for reappointment?</p> <p>(IV) Does the company regularly assess the independence of its CPAs?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>(I) The Company considers diversity of the Board members from multiple perspectives when setting the composition of the Board members, and appoints personnel based on their abilities. (1) The independent directors account for more than 36% of the seats of the Board of Directors. (2) Board members have more than 10 years of experience in the industry and have the professional knowledge and skills that are consistent with the Board of Directors diversity policy. (3) The Board of Directors has 2 female members.</p> <p>(II) The Company established the Remuneration Committee and Audit Committee was established, and other functional committees are established based on actual needs.</p> <p>(III) The Company has implemented the Self-Evaluation Regulations on the Performance of the Board of Directors.</p> <p>(IV) The suitability of the CPA is reviewed by the Company from time to time. It has been found that the CPAs have not served as a director, supervisor, or shareholder, and met the requirements set forth in the Certified Public Accountant Act and Code of Ethics No. 2.</p>	<p>No major difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.</p>
<p>IV. Has the company designated an appropriate number of personnel that specialize in corporate governance affairs (including but not limited to providing directors and supervisors with the information needed and assist directors and supervisors in complying with the laws and regulations to perform their duties, convention of board meetings and shareholders' meetings, preparation of board meeting and shareholders' meeting minutes, etc.)?</p>	<p>✓</p>	<p>✓</p>	<p>The Company has appointed a corporate governance officer, and the Chairman's Office is responsible for the promotion of corporate governance affairs.</p>	<p>No major difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.</p>
<p>V. Has the company established channels for communication with the stakeholders (including but not limited to shareholders, employees, customers and suppliers), and set up a section for stakeholders on the official website of the Company with a proper response to the concerns of the stakeholders on issues related to corporate social responsibility?</p>	<p>✓</p>	<p>✓</p>	<p>The Company has always attached great importance to the balance of rights and obligations among stakeholders, including shareholders, employees, customers, upstream and downstream suppliers, banks, and creditors. The Company has set up a stakeholder section on its website, where issues of concern, major responsibilities, communication channels, and responses are disclosed.</p>	<p>No major difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.</p>
<p>VI. Does the company engage a professional stock transfer agency to handle affairs related to shareholders' meetings?</p>	<p>✓</p>	<p>✓</p>	<p>The Company has commissioned the "Agency Department, CTBC Bank" to handle shareholders' affairs and other shareholder affairs.</p>	<p>No major difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.</p>

<p>VII. Information disclosure</p> <p>(I) Does the company have a website set up where its financial business, and corporate governance information is disclosed?</p> <p>(II) Has the company adopted other information disclosure methods (e.g., establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, and upload the procedure of investors conference on its website, etc.)?</p> <p>(III) Has the company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>(I) The company have a website set up where its financial business, and corporate governance information is disclosed.</p> <p>(II) The Company has set up Chinese and English versions of the website, and has designated personnel to be responsible for the collection and disclosure of information, and the relevant information can be found on the MOPS. Investors can also inquire about the Company's finance, business and corporate governance information through the MOPS.</p> <p>(III) The Company has completed the announcement and reporting of the annual financial statements, the first, second and third quarter financial statements and monthly operations within the deadlines prescribed by laws and regulations.</p>	<p>No major difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.</p>
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<p>VIII. Is there any important information (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights, further education of the directors and supervisors, risk management policy and risk assessment implementation, customer policy implementation, and the purchase of liability insurance for the company's directors and supervisors) that is helpful in understanding the corporate governance operation of the company?</p>	<p>✓</p>	<p>(I) Employee rights and benefits, employee care: The Company provides health insurance, labor insurance, and group insurance for employees, and provides free annual health check. We have established an Employee Welfare Committee, responsible for arranging employee trips and various employee benefits as well as providing employees with on-the-job training, and holding regular labor-management meetings.</p> <p>(II) Investor relations: The Company has implemented a spokesperson system to timely disclose information affecting shareholders and stakeholders.</p> <p>(III) Supplier relations: The Company conducts audits regularly in accordance with the Procedures for the Evaluation of Suppliers, and has a quality control system in place. Quality reports are presented on a regular basis, and quality review meetings are held.</p> <p>(IV) Stakeholder rights: Sign contracts with important suppliers and customers to regulate rights and obligations and to establish good cooperative relations.</p> <p>(V) Further education of the directors and supervisors: Please refer to page 61 of this annual report for the descriptions of further education of directors and supervisors.</p> <p>(VI) Further education of officers of the Company: As Joseph Hsu, Francis Fan, Tommy Hsu and Chin-Yi Chen are officers of the Company, further education and training related to corporate governance that officers participate in has been disclosed above.</p> <p>(VII) Risk management policy and risk assessment implementations: The Company has formulated operating and financial management indicators to measure operational risks. In addition, we have also established procedures for analyzing and evaluating investment returns to assess and manage investment risks.</p> <p>(VIII) Customer policy implementation: The Company regularly investigates customers' satisfaction with products in order to improve related marketing, production processes, technologies, and services.</p> <p>(IX) The Company's directors are covered with liability insurance.</p>	<p>No major difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose priorities for enhancement matters and measures for any issues that are to be improved: The Company has made improvements in corporate governance in response to the latest evaluation results announced by the competent authority, including: timely upload of the English version of the annual report, ensuring that more than half of the independent directors do not serve consecutive terms exceeding three terms, disclosure of financial reports in English, investment in environmental protection equipment, and promotion and disclosure of workplace diversity practices. For items that have not yet been fully improved, the Company will continue to review and implement necessary measures to uphold the principles of sound corporate governance.</p>			

(IV) The Remuneration Committee, its composition, duties and operation status:

The Company's Remuneration Committee was formally established and announced on 28 December 2011. The composition, duties and operation of the Remuneration Committee are as follows:

1. Information on Members of the Remuneration Committee: December 31, 2024

Identity	Criteria		Independence status (Note 2)	Number of serving members of the Remuneration Committees of other public companies
	Name	Professional qualifications and experience (Note 1)		
Independent Director (Convener)	Wang, Yung-Cheng	Professor and Dean of General Affairs, College of Business Administration, National Chung Hsing University Professor, Department of Business Administration, National Taipei University	Independence criteria	-
Independent Director	Yu-Shan Chang	Dean, College of Electrical Engineering, National Taipei University Distinguished Professor, Department of Information Engineering, National Taipei University	Independence criteria	-
Independent Director	Chen Yu-Shan (Note 3)	Distinguished Professor and Secretary, College of Business Administration, National Taipei University	Independence criteria	1
Independent Director	Cheng Kwai-Hui (Note 3)	Professor, Department of Accounting, National Taipei University	Independence criteria	
Other	Huang Tung-Tsun	Dean, School of Management, Chien Hsin University of Science and Technology; Executive Director, EMBA, School of Management, National Central University; Professor, Institute of Human Resource Management, National Central University	Independence criteria	1

Note 1: For information on seniority, professional qualifications and experience, and independence of Remuneration Committee members of independent directors, please refer to Page 16 for information of directors (I).

Note 2: For independent directors, their state of independence must be specified, including but not limited to whether they, their spouses, or second-degree relatives serve as a director, supervisor or employee in the Company or affiliates; the proportion of shares held by the independent director himself/herself, their spouses or relatives within second degree of kinship (or in the name of others); whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and amount of remuneration receive for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

Note 3: Newly appointed on June 3, 2024.

2. Duties of the members:

- (1) Establish and regularly review the performance evaluation and remuneration policies, systems, standards, and structures for directors, supervisors, and officers.
- (2) Regularly assess and establish the remuneration to directors, supervisors, and officers.

3. State of operation:

The Company's Remuneration Committee consists of 4 members. The current term of the Remuneration Committee is from June 9, 2023 to June 8, 2026.

In 2024 up to the printing date, the 5th Remuneration Committee had held 5 meetings (A) in 2025, and the attendance of directors is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Note
Convener	Wang, Yung-Cheng	5	0	100%	
Member	Yu-Shan Chang	5	0	100%	
Member	Huang Tung-Tsun	5	0	100%	
Member	Chen Yu-Shan	3	0	100%	Newly elected on June 3, 2024
Member	Cheng Kwai-Hui	3	0	100%	Newly elected on June 3, 2024

Other information required for disclosure:

I. If the board of directors declines to adopt or modify a recommendation from the remuneration committee,

<p>the date, session, topic discussed and the resolution of the board meeting and handling of the resolution of the remuneration committee shall be specified (if the remuneration package approved by the Board is better than the recommendation made by the committee, please specify the discrepancy and its reason): None.</p> <p>II. As to the resolution of the remuneration committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date, session and topic discussed of the committee meeting, all members' opinions and handling of members' opinions shall be specified: None.</p>							
<p>◎: Attendance in person; ☆: Attendance by proxy; △ : Leave of absence</p>							
Title	Name	5th term					Note
		2nd meeting	3rd meeting	4th meeting	5th meeting	6th meeting	
		20240123	20240311	20240809	20250120	20250310	
Convener	Wang, Yung-Cheng	◎	◎	◎	◎	◎	
Member	Yu-Shan Chang	◎	◎	◎	◎	◎	
Member	Huang Tung-Tsun	◎	◎	◎	◎	◎	
Member	Chen Yu-Shan			◎	◎	◎	Newly elected on June 3, 2024
Member	Cheng Kwai-Hui			◎	◎	◎	Newly elected on June 3, 2024

(V) State of the promotion of sustainable development operations and any difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the reasons for such difference, and climate-related information

1. State of the promotion of sustainable development operations and any difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such difference

Evaluation items	Implementation			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference
	Yes	No	Summary	
I. Has the company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development which is authorized by the board of directors to be handled by senior management and supervised by the board of directors?	V		<p>To implement corporate social responsibility and promote economic, social, and environmental sustainability, ABC established the "Corporate Social Responsibility Committee" in 2020. In response to policy developments, the Committee was renamed the "ESG Committee" on September 30, 2021. The Chairman of the Board serves as the Chairperson of the ESG Committee, members of the management team act as Vice Chairpersons, and the Chairman's Office serves as the Executive Secretariat. The Committee comprises six working groups, with department heads serving as lead committee members and their appointed representatives as executive members. The ESG Committee convened meetings on August 12 and December 18, 2024, to discuss ESG planning, data collection, goal setting, and related topics.</p> <p>The "ESG Committee" acts as a cross-departmental communication platform for integration and horizontal connection. The Board of Directors authorizes the management to handle economic, environmental and social issues arising from operating activities. The management reports to the Board of Directors on the implementation status every year. The contents of the proposals include (1) identifying material sustainability issues; (2) setting short-, medium-, and long-term goals for sustainability issues; and (3)</p>	Not materially different

Evaluation items	Implementation			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference
	Yes	No	Summary	
(Listed companies shall report the implementation status; not applicable to compliance or interpretation.)			continuing to review the sustainable development implementation results and future work plans to supervise the achievement of sustainability management matters. The most recent reports to the Board of Directors on ESG implementation were presented on August 9, 2024, and January 20, 2025.	
II. Has the company conducted risk assessments of environmental, social and corporate governance issues pertaining to company operation in accordance with the materiality principle and established the relevant risk management policy or strategy? (Listed companies shall report the implementation status; not applicable to compliance or interpretation.)	V		The Company follows the GRI Standards while considering international trends and industry characteristics. It also refers to stakeholder feedback collected through communication channels to formulate a stakeholder opinion survey. This survey is distributed online for stakeholders to complete, enabling the Company to assess both the level of stakeholder concern and the degree of impact that sustainability issues have on the Company. Based on the materiality principle outlined in the Sustainability Report, the Company conducts analysis and engages in dialogue with internal and external stakeholders. It also reviews domestic and international research and literature, and consolidates assessment data from various departments and subsidiaries. This approach is used to evaluate material ESG issues and to establish effective processes for identifying, measuring, monitoring, and controlling those issues. The Company then develops risk management policies and concrete action plans to mitigate the potential impacts of related risks.	Not materially different
III. Environmental issues (I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?	V		As a Company that started business in Taiwan, we are very passionate about the country and we know how important it is for companies to co-exist with the land to reach sustainable management and development, we therefore take environmentally-friendly manufacturing processes seriously. The Group has obtained ISO 14001, ISO 14064-1 and IECQ QC080000 certifications for environmental protection, and has adopted the idea of life-cycle and source management to strictly follow the requirements of environmental regulations from technology development, design, manufacturing, transportation to reuse and recycling. No hazardous substances are used, and products are developed in compliance with EU RoHS, REACH, WEEE, EuP directives, including halogen-free, lead-free requirements and other international regulations. ISO 14001 Latest effective period: 2022/05/30 - 2025/05/30);	Not materially different

Evaluation items	Implementation			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference
	Yes	No	Summary	
			IECQ QC080000 latest effective period: 2023/03/10~2025/05/25	
(II) Is the company committed to enhancing the utilization efficiency of resources and using renewable materials that have a low impact on the environment?	V		<p>The Company actively promotes various energy reduction measures, selects equipment with high energy efficiency and energy-saving design, reduces the energy consumption of the enterprise and products, and expands the use of renewable energy to optimize the efficiency of energy use.</p> <p>In 2023, ABC-ATEC established its medium- and long-term carbon reduction targets for the first time. The near-term goal is to limit global temperature rise to within 1.5°C. The Company is committed to reducing Scope 1 and Scope 2 emissions by 42% by 2030 compared to the 2021 baseline year and aims to achieve net-zero emissions by 2050.</p> <p>To meet these targets, ABC-ATEC has implemented stringent energy-saving measures in its daily operations and adopted the use of green energy. In 2024, a total of 343,168 KWH of power was saved, and a total of 2,514,890 KWH of green power was used, accounting for 25.16% of the total power consumption of the Group in 2024.</p> <p>In terms of raw material procurement, the Company starts from the source management to prohibit the use of hazardous substances and conflict mineral zone products. We also give priority to purchasing environment-friendly products. In addition to considering quality, delivery time and price for the management of raw material suppliers, we incorporate the circular economy concept into the scope of supplier management. Environmental impact is reduced by recycling materials during the manufacturing process. The Taiwan factory is allowed to use 25% recycled ferrite powder in the wet granulation process to reduce the use of raw materials. In the face of the different water risks in each location, Building B Materials Factory of Taiwan Yangmei Plant 2 has set up a pure water recycling system and planned to return all the recovered process wastewater to the manufacturing process as solvents for reuse, and to change from acetone to water as a solvent according to the characteristics of different diluents. We are actively developing the recycling of water in the manufacturing process, which not only reduces the risk of hazards from the use of organic solvents, but also saves the use of water resources, and integrates the concept of green recycling and a friendly environment into operational activities.</p> <p>For detailed information on the Company's supplier management policy and implementation, please visit the official website: https://www.atec-group-main.com/tw/csr-288-289-page648</p>	Not materially different
(III) Does the company assess the present and future potential	V		In 2022, the Company introduced TCFD (Task Force on Climate-related Financial Disclosures) for the first time, integrating the four core elements—Governance, Strategy, Risk Management, and Metrics and Targets—into its	Not materially different

Evaluation items	Implementation			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference	
	Yes	No	Summary		
risk and opportunities of climate change and adopt countermeasures related to climate issues?			operational management framework. The Company discloses its governance performance related to climate issues in its sustainability report, enabling stakeholders to understand the impacts of climate-related risks and opportunities on the Group, as well as the corresponding response measures. The Company's countermeasures for climate risks and opportunities in 2024 are as follows:		
			Risk/ Opportunity		Countermeasures
			Transformation Risk		<ul style="list-style-type: none">Enhanced emissions reporting obligations In 2021, ABC Group completed the greenhouse gas inventory for its Taiwan plant for the first time. In 2022 and 2023, the scope was expanded to include the Shanghai, Guangzhou, and Malaysia plants, all of which adopted ISO 14064 and passed third-party verification. This achievement means ABC Group met the Financial Supervisory Commission's (FSC) goal ahead of schedule, which requires all listed companies' parent firms and their domestic and overseas subsidiaries to complete greenhouse gas inventories by 2027.Rising raw material costs<ol style="list-style-type: none">Prioritize the procurement of raw materials in the area where the production plant is located: reduce transportation costs, shorten delivery times, and reduce geopolitical risks.Find a second supplier: Establish a diversified supply chain to mitigate the risks associated with relying on a single supplier and to alleviate the impact of raw material shortages or price increases.Sign a purchase contract: Ensure that the price, delivery terms, quality standards and payment terms are specified in the contract to reduce cost uncertainty.Request suppliers to prepare goods in stock: Improve the resilience of the raw material supply chain to ensure that production is not affected in a short period of time, and there

Evaluation items	Implementation			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference
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				is sufficient time to restore the supply of raw materials, or find alternative suppliers.
			Physical Risk	<ul style="list-style-type: none"> Increases in average temperature According to the results of the greenhouse gas inventory, the Company's carbon emissions are mainly derived from Scope 2. Therefore, the Company has adopted energy management measures, first inventoried the power consumption heat points in the plants, and then formulated corresponding energy-saving measures, and tracked the power consumption of the plants every month. At the same time, the Company has actively formulated a carbon reduction strategy with a focus on renewable energy, and has started to introduce green power use in 2023, and has built solar panels in the plants for voluntary use, reducing the reliance on traditional energy sources, and improving environmental sustainability. In 2024, the Group's renewable energy utilization rate reached more than 25.16%. In addition, the Company has also set a carbon reduction target: the near-term goal is to limit global temperature rise to 1.5°C. The Company is committed to reducing Scope 1 and Scope 2 greenhouse gas emissions by 42% by 2030, using 2021 as the base year.
			Opportunities	<ul style="list-style-type: none"> Utilizing more efficient production and distribution processes <ol style="list-style-type: none"> Adoption of automated production lines: Reduce the need for manual operations and errors. AI+AOI testing: AI+AOI testing improves production efficiency and discrimination accuracy to reduce human error and production costs. Paperless operation: The software has been upgraded to improve work efficiency through paperless operation, reduce the frequency of

Evaluation items	Implementation			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference															
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			<p>recording and operations, and reduce paper consumption.</p> <p>4. Local procurement of raw materials: Low transportation costs, shortened delivery times, and reduced geopolitical risks.</p> <ul style="list-style-type: none"> Using low-carbon energy In 2023, the Company committed to gradually adopting renewable energy. The Group's Guangzhou Plant signed a green power procurement contract, and on January 8, 2024, officially launched self-use solar power generation. The photovoltaic energy utilization plan in Malaysia was also completed and officially launched in November 2024. The construction of solar panels at the headquarters in Taiwan was also completed in 2025. In 2024, the Group's annual green power consumption reached 2,514,890 kWh, accounting for 25.16% of the Group's total power consumption. 																
			<p>For more detailed information regarding TCFD, please refer to the ESG section of the official website or the Sustainability Report:https://www.atec-group-main.com/tw/csr-167-300-302-304-page657</p> <p>The statistics of the TCFD results in 2024 are still pending, and will be disclosed in the 2024 Sustainability Report.</p>																
(IV) Has the company prepared statistics on greenhouse gas emissions, water consumption and total volume of waste for the past two years, and formulated policies for to save energy saving and reduce carbon, greenhouse gas, water use, or other waste management?	V		<p>1. Climate change has become a climate emergency. In order to meet the stakeholders' requirements for carbon disclosure, the Company completed a group-wide greenhouse gas inventory plan in 2022. Also, we have, ahead of schedule, finished the FSC's roadmap for greenhouse gas inventories to be completed by all parent companies and domestic and foreign subsidiaries of TWSE/TPEX listed companies in 2027. In this way, we can find out the main sources of carbon emissions within the Group.</p> <p style="text-align: right;">Unit: tCO₂e</p> <table border="1"> <thead> <tr> <th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th><th>Total amount</th></tr> </thead> <tbody> <tr> <td>2022</td><td>370.43</td><td>7639.47</td><td>2947.54</td><td>10957.44</td></tr> <tr> <td>2023</td><td>358.49</td><td>5423.52</td><td>12525.09</td><td>7460.06</td></tr> </tbody> </table> <p>In 2023, the total Scope 1 and Scope 2 greenhouse gas (GHG) emissions amounted to 5,782.01 tCO₂e, with Scope 2 emissions from electricity usage comprising the majority at 72.70%, followed by Scope 3 emissions at</p>	Year	Scope 1	Scope 2	Scope 3	Total amount	2022	370.43	7639.47	2947.54	10957.44	2023	358.49	5423.52	12525.09	7460.06	Not materially different
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			<p>22.49%. The emission plan for 2024 is expected to be verified externally in 2025. The verification will be disclosed on the Company's website after the verification.</p> <p>The Group has set 2021 as the base year for the greenhouse gas inventory established medium to long-term greenhouse gas reduction goals: By 2030, the Group aims to achieve a reduction of over 42% in emissions compared to the base year of 2021, with an annual reduction of over 4.2%, expecting to reduce emissions by more than 2,902.46 tCO₂e compared to the base year by 2030.</p> <p>2. The Group's waste management principle is "reduction at source, recovery and reuse", and it focuses on waste management and recycling at the end of the life cycle. In the wet granulation process of the Taiwan Factory, the use of recovered iron powder is allowed to improve the recycling efficiency.</p> <p>To effectively perform waste management, the Company has set the target: The general waste generated per capita is less than 1.5kg per day. The output status of waste in 2023 is as follows. The output of waste in 2024 will be disclosed in the sustainability report in August:</p> <p style="text-align: right;">Unit: Metric tons</p> <table border="1"> <thead> <tr> <th>Year</th><th>Taiwan Plant</th><th>Shanghai Factory</th><th>Guangzhou Factory</th><th>Malaysia Factory</th></tr> </thead> <tbody> <tr> <td>2022</td><td>79.19</td><td>15.91</td><td>132.97</td><td>119.17</td></tr> <tr> <td>2023</td><td>53.66</td><td>5.86</td><td>77.78</td><td>70.70</td></tr> </tbody> </table> <p>3. In view of the increasing severity of water resource risks caused by the extreme global climate in recent years, the Group has set the target of "150 liters per day" for water consumption per capita. Moreover, ABC Group installed a water recycling system at the material factory in Building B of Yangmei Plant 2 to fully recover process wastewater for use as solvent in the production process. Depending on the characteristics of different diluents, water is used as solvent instead of acetone. We actively research and develop recycling and reuse of process water. The material factory in Building B of Yangmei Plant 2 has a pure water recycling system that operates in two stages for recycling and reuse in order to properly manage water resources.</p> <p>(1) First stage: In 2024, a total of 7.73 metric tons of primary recycled water were reused to reduce the discharge of treated effluent.</p> <p>(2) Second stage: This stage involves the reuse of second-stage recycled water from the wastewater concentrator. Before the improvement, wastewater from cleaning the spray granulator entered the concentrator. The resulting second-stage recycled water was discharged into a collection tank. This</p>	Year	Taiwan Plant	Shanghai Factory	Guangzhou Factory	Malaysia Factory	2022	79.19	15.91	132.97	119.17	2023	53.66	5.86	77.78	70.70	
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			<p>water was then reused to clean the spray granulation equipment, eliminating the need for tap water.</p> <p>Water consumption in 2023 is shown in the table below. The water consumption status for 2024 is disclosed in the sustainability report published in August:</p> <p style="text-align: right;">Unit: Metric tons</p> <table border="1"> <thead> <tr> <th>Water Consumption\Plant</th><th>Taiwan Plant</th><th>Shanghai Factory</th><th>Guangzhou Factory</th><th>Malaysia Factory</th></tr> </thead> <tbody> <tr> <td>2022</td><td>6,514</td><td>6,526</td><td>18,927</td><td>10,353</td></tr> <tr> <td>2023</td><td>5,361</td><td>11,750</td><td>13,609</td><td>10,540</td></tr> </tbody> </table>	Water Consumption\Plant	Taiwan Plant	Shanghai Factory	Guangzhou Factory	Malaysia Factory	2022	6,514	6,526	18,927	10,353	2023	5,361	11,750	13,609	10,540	
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IV. Social issues (I) Does the company have the relevant management policies and procedures stipulated in accordance with the applicable laws and regulations and international conventions on human rights?	V		<p>To protect and promote human rights, the Company refers to internationally recognized human rights standards, such as "United Nations Guiding Principles on Business and Human Rights", "United Nations Global Compact", "Responsible Business Alliance; RBA", and "United Nations International Organization for Labor". The "ABC Group Human Rights Policy" in Chinese and English, approved and signed by the Chairman in September 2023, respects the protections set forth in human rights treaties and is published on the Company's website: https://www.atec-group.com/tw/csr-168-248-page556</p> <p>The Company pays attention to the balance between employees' health, work, family and leisure life in accordance with the provisions of the Labor Standards Act and other relevant laws; at the same time, implement working hour management, prohibit child labor, and prohibit all forms of forced labor and discrimination. Establish a gender-equal workplace; the Company implements the parental leave system without pay and provides employees with family leave, menstruation leave, childbirth leave, paternity leave and nursing rooms. For other human rights related implementation, please refer to the official website: https://www.atec-group-main.com/tw/csr-166-292-page652</p>	Not materially different															
(II) Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits) that appropriately reflects the business	V		<p>ABC has specially planned a salary and welfare system in compliance with the highly competitive market. Employee salary and remuneration cover basic salary (including basic pay, food allowance, transportation allowance, and special duty allowances), performance rewards, bonuses, and year-end bonuses. Meanwhile, the Company's HR Department carries out a regular salary review based on related indicators such as market trends and the company's operations in an effort to provide a competitive and attractive salary so that talent is happy to join our big family.</p> <p>1. Employee Salary and Remuneration The Company appropriately reflects the business performance or results in employee remuneration in accordance with Article 34 of the Articles of Incorporation by setting aside 12~16% as remuneration to the employees. The remuneration is distributed in</p>	Not materially different															

Evaluation items	Implementation			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference										
	Yes	No	Summary											
performance or achievements in the employee remuneration?			<p>shares or cash by resolution of the Board of Directors. The Company also provides group insurance, employee training, scholarships for employees' children, and maternity incentives that are superior to those provided by law. Moreover, we will also arrange multiple social parties to boost employee morale.</p> <p>2. Employee Welfare Measures</p> <table><tr><th>Items</th><th>Explanation</th></tr><tr><td>Welfare Committee Allowances</td><td>ABC provides various allowances and subsidies for different purposes, including gift vouchers (cash) for the Lunar New Year, birthday gifts, subsidies for weddings, bereavement, celebrations, educational advancement, Women's Day, continuing education, hospitalization, illness, childbirth, scholarships, employee trips, year-end benefits, and childbirth incentives. These allowances and subsidies are granted based on actual circumstances, and employees can apply for them accordingly.</td></tr><tr><td>Group Insurance</td><td>The Company fully pays for and plans comprehensive employee group insurances including medical insurance, occupational accident insurance, accident insurance, critical illness insurance, and cancer insurance.</td></tr><tr><td>On-the-job Training</td><td>To enhance the qualifications of ABC employees and improve the overall corporate structure, we encourage employees to pursue further education in professional knowledge and skills. In our Taiwan operations, we provide subsidies for employees' continuing education programs at universities during each academic year, following the "Regulations Governing the Subsidizing Employees' Continuing Education and Training." Additionally, we offer subsidies to employees for professional knowledge training based on the "Regulations Governing Education and Training Management." For our overseas operations, we have established an "Education and Training Operations Procedure" to provide training to employees, helping them enhance their skills and knowledge.</td></tr><tr><td>Employees Health</td><td>Employees receive annual general health checkups and special workplace health examinations. The Company also offers self-health management programs, regularly organizes health seminars, and tests drinking water quality.</td></tr></table>	Items	Explanation	Welfare Committee Allowances	ABC provides various allowances and subsidies for different purposes, including gift vouchers (cash) for the Lunar New Year, birthday gifts, subsidies for weddings, bereavement, celebrations, educational advancement, Women's Day, continuing education, hospitalization, illness, childbirth, scholarships, employee trips, year-end benefits, and childbirth incentives. These allowances and subsidies are granted based on actual circumstances, and employees can apply for them accordingly.	Group Insurance	The Company fully pays for and plans comprehensive employee group insurances including medical insurance, occupational accident insurance, accident insurance, critical illness insurance, and cancer insurance.	On-the-job Training	To enhance the qualifications of ABC employees and improve the overall corporate structure, we encourage employees to pursue further education in professional knowledge and skills. In our Taiwan operations, we provide subsidies for employees' continuing education programs at universities during each academic year, following the "Regulations Governing the Subsidizing Employees' Continuing Education and Training." Additionally, we offer subsidies to employees for professional knowledge training based on the "Regulations Governing Education and Training Management." For our overseas operations, we have established an "Education and Training Operations Procedure" to provide training to employees, helping them enhance their skills and knowledge.	Employees Health	Employees receive annual general health checkups and special workplace health examinations. The Company also offers self-health management programs, regularly organizes health seminars, and tests drinking water quality.	
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			<div>Female Care</div> <p>We adjust night shifts for female employees during their pregnancy and apply for exclusive parking spaces for pregnant women. Pregnancy care measures and lactation rooms are provided at our Taiwan Factory with nursing staff stationed. At our Guangzhou factory, we provide lactating female employees with 1 hour of paid breastfeeding leave per day, as mandated by labor regulations. This leave is available until the child reaches one year of age. Employees can request specific time periods for their breastfeeding leave based on their individual needs and circumstances.</p> <p>3. Workplace diversity and equality Salaries are determined based on objective factors such as the type of duties, past work experience, and professional capabilities of new employees, and there are no differences in salary standards based on gender, race, religion, political stance, or marital status. The Company supports gender equality and it shows in its salary and remuneration system.</p> <p>For the implementation of the Company's diversity, please refer to the official website: https://www.atec-group-main.com.tw/cr/csr-166-194-428</p>																
(III) Has the company provided employees with a safe and healthy work environment and regularly provided safety and health education to employees?	V		<p>1. The Company has established policies in accordance with the Occupational Safety and Health Act and customer requirements. The Company has a core concept of disaster prevention and disaster prevention, and has an occupational safety office that is responsible for integrating occupational safety and health issues in the factory area, proposing effective countermeasures, and continuously improving and promoting the occupational safety culture.</p> <table border="1"> <thead> <tr> <th colspan="5">Occupational Health and Safety Committee in 2024</th></tr> <tr> <th>Total number of the committee members</th><th>Total number of the labor representatives</th><th>Total number of all employees</th><th>Ratio (labor representative/total number of the committee members)</th><th>Ratio (labor representative/total number of all employees)</th></tr> </thead> <tbody> <tr> <td>22</td><td>9</td><td>188</td><td>40.9%</td><td>4.8%</td></tr> </tbody> </table> <p>2. With reference to the Technical Guidelines for Risk Assessments, the Company has formulated the Management Measures for Hazard Identification and Risk Assessment. These measures are implemented by unit supervisors and the safety and health personnel then prepare data of the entire factory. Improvement of control measures are proposed for moderate or above risks which shall be reviewed each year and reported on to the Occupational Safety and Health Committee</p>	Occupational Health and Safety Committee in 2024					Total number of the committee members	Total number of the labor representatives	Total number of all employees	Ratio (labor representative/total number of the committee members)	Ratio (labor representative/total number of all employees)	22	9	188	40.9%	4.8%	Not materially different
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			<p>meetings. In addition, the Company has also formulated the Contractor Management Measures. Through exercising these Management Measures, contractors are notified of the working environment, hazardous factors, and the Company's safety and health regulations prior to performing construction work to prevent occupational disasters, enabling contractors to have a safe working environment.</p> <p>3. To continuously enhance the ability of occupational safety and health personnel to stay current with regulatory trends, the Company periodically assigns staff to attend government-organized seminars and training sessions on occupational safety and health topics. Through internal meetings and training programs, employees are further educated on the intent and key points of relevant laws and regulations. These initiatives help the Company fulfill its responsibility to safeguard workplace safety and employee health. In 2024, the total number of training hours on safety and health education reached 414.5 hours.</p> <p>4. There were no occupational accidents occurring in the Company in 2024. To continue improving occupational safety management, workers engaging in management, special operations, or required by laws and regulations must receive safety and health-related training, and obtain licenses to prevent occupational disasters, protect the safety and health of workers. In 2024, the Company had a total of 38 employees holding professional certifications in various occupational safety and health fields. These include: Class A Occupational Safety and Health Supervisors, Occupational Safety and Health Administrators, Class C Occupational Safety and Health Supervisors, Hazardous Operations Supervisors, First Aid Personnel, Forklift Operators (for loads over one metric ton), Fixed Crane Operators, Ionizing Radiation Operators, General Toxic and Concerned Chemical Substance Emergency Responders, and Fire Prevention Managers.</p> <p>5. No fires occurred in the Company in 2024, and thus there were no casualties caused by fire. The Company conducted two fire drills on April 22 and November 7, 2024, respectively, to enhance employees' awareness of fire evacuation. The training included comprehensive exercises in fire-fighting, reporting, and evacuation.</p> <p>6. The Company's occupational safety and health information has been disclosed on the official website and the sustainable development report: https://www.atec-group-main.com.tw/csr-165-215-488</p>	

Evaluation items	Implementation			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference
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(IV) Has the company established an effective career development training program for its employees?	V		<p>Our human resource development strategy is formulated based on the Company's vision, management philosophy, and annual goals. It is structured around four key aspects: recruitment, deployment, development, and retention. The HR Department and departmental supervisors jointly plan training courses based on each department's development priorities, building employee development programs and learning pathways that provide room for self-growth and advancement. For detailed information on employee education and training, please refer to: https://www.atec-group-main.com/tw/csr-166-285-page628</p> <p>In 2024, the Company conducted a total of 255 training sessions. The total employee training hours reached 4,062.67 hours, with total training expenditures amounting to NT\$336,286.</p>	Not materially different
(V) Does the company comply with laws and international standards with respect to customer health, safety and privacy, marketing and labeling in all products and services offered, and have the company implemented consumer protection policies and complaint procedures?	V		<p>As we Company are not a consumer terminal product manufacturer, we comply with REACH, RoHS, WEEE and EuP directives, and halogen-free and lead-free international regulations for the products and labels we sell, in accordance with the needs of downstream customers. The Company places great importance on customer privacy protection and established the Information Security Office in November 2022. We enhance the Group's information security management and safeguard customer privacy through various control measures, including data access control, antivirus software management, backup management, and regular internal information security disaster recovery drills. To protect customer rights and handle complaints, the Company has also set up a dedicated customer service unit that proactively monitors the implementation of customer-related policies and handles customer complaints. A complaint channel is also available: atec.suggest@atec-group.com.</p> <p>For the content of information security execution, please refer to: https://www.atec-group-main.com/tw/csr-159-287-page647 For the complaint filing process, please refer to: https://www.atec-group-main.com/tw/csr-168-249-page554</p>	Not materially different
(VI) Has the company implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational	V		<p>The Company manages raw material suppliers based on quality, delivery time and price, and also encourages suppliers to meet corporate social responsibility requirements. First, when selecting new suppliers, we conduct an evaluation and require them to sign documents such as the "Integrity, Honesty and Confidentiality Agreement" and the "Conflict-Free Metal Declaration" to ensure they meet quality standards, fulfill corporate social responsibility, comply with legal requirements, and protect the occupational safety and basic rights of all stakeholders. We then assess suppliers monthly on various aspects such as product quality and delivery performance. Additionally, we implement an annual supplier audit program, conducting either on-site or documentation</p>	Not materially different

Evaluation items	Implementation			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference
	Yes	No	Summary	
safety and health or work rights/human rights issues, and does the company track suppliers' performance on a regular basis?			<p>audits. In 2024, we completed on-site audits of 11 suppliers. Finally, the Company manages conflict-free metal compliance by requiring suppliers to confirm and provide hazardous substance testing reports, safety data sheets (SDS), or conflict-free metal declarations. Suppliers are required to purchase from the non-conflicting metal supply chain, and to conduct investigations based on the Conflict Minerals Survey Table of the Responsible Minerals Program to implement responsible procurement management.</p> <p>In 2024, the Taiwan factory added two new suppliers. Both suppliers provided materials that were free of conflict metals and completed the signing of the "Declaration of Conflict-Free Metals," achieving a 100% signing rate.</p> <p>Commitment to Temporary (Dispatched) Workers: The Group evaluates potential labor service (dispatched) contractors by first reviewing their compliance with labor laws to determine whether to proceed with cooperation. During the contract period, the Group actively conducts investigations, audits, or other necessary actions to ensure that the labor conditions of dispatched (on-site) workers comply with legal requirements.</p>	
V. Has the company prepared a sustainability report or a report on non-financial information with reference to internationally accepted standards or guidelines? Are these reports supported by the assurance or opinion of a third-party verification entity?	V		<p>Since 2021, the Company has voluntarily disclosed non-financial information with reference to the GRI Standards, and has published the Sustainability Report for four consecutive years. Each report has been assured by a third-party verification body. The latest ESG Report for 2023 was published in August 2024 and is available on the Company's website: https://www.atec-group-main.com/tw/csr-139-140-page373</p>	Not materially different
<p>VI. If the company has formulated its own Sustainable Development Best-Practice Principles in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operation and the Principles: The Company has not yet formulated its Sustainability Best-Practice Principles; however, the Company has been in compliant with the Company Act, relevant laws and regulations of the Securities and Futures Bureau, environmental laws and regulations, to implement corporate sustainability and integrity. All operations are in compliance with the requirements.</p>				
<p>VII. Other important information to help understand the promotion of sustainable development implementation: (I) Occupational safety and health: The Company conducts maternal health protection, repetitive work and other</p>				

Evaluation items	Implementation			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference
	Yes	No	Summary	
			<p>measures to prevent musculoskeletal diseases, prevent illegal infringement of duties, and prevent abnormal workloads to conduct annual health examination for employees. For employees engaged in special hazardous operations, special operations health examination (such as noise) is provided. In 2024, the number of general health examers is 163, and the number of special health examers is 43, with a 100% achievement rate.</p> <p>(II) Additionally, we also provide a safe working environment for our employees. We have set up a sexual harassment and complaint hotline and mailbox and formulated applicable management measures. As of now, there have been no occurrences of related complaints.</p> <p>(III) Social Contribution: At ABC, we uphold the belief that "only with a joyful society can there be an industry that moves the world; arts and cultural activities infuse society with emotion and vitality, serving as the wellspring of creative living and the creative industry." Guided by this philosophy, the Company actively allocates resources toward social engagement.</p> <ol style="list-style-type: none"> 1. Community Building: Sponsored the 54th Graduation Ceremony of Yangmei Junior High School; Sponsored the 76th Anniversary Sports Day of Yangmei Junior High School; Provided sponsorship for advisory fees to the Yangmei Volunteer Fire Brigade 2. Academic Empowerment: Sponsored the 2024 ICBA Seminar hosted by the Department of Business Administration, National Taipei University; Sponsored the "GCFG Global Corporate Sustainability Forum Academic Symposium" hosted by the College of Business, National Taipei University; Supported the development of the College of Electrical and Computer Engineering at National Taipei University and its High-End Science Industry Collaboration Alliance 3. Charity Donations: Donated emergency medical funds to the family of Taiwanese Air Force scholarship student Hsu Hao-Ming <p>(IV) Honors:</p> <ol style="list-style-type: none"> 1. Certified with the "1.5°C Target" Label by CommonWealth Magazine 2. Recipient of the 2024 SGS Sustainability Award <p>(V) Other information that is helpful to the understanding of the implementation of sustainable development of the Company has been disclosed on the official website ESG section and the sustainable development report: https://www.atec-group-main.com.tw/csr</p>	

2. Implementation of climate-related information

Serial number	Items	Implementation
1	Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	The Company's "ESG Committee" is the highest unit for monitoring and governance of climate-related risks and opportunities. The Chairperson of the board acts as the "Chairperson" and the management acts as the "Vice Chairperson". The Company regularly reviews the current supervision and governance status of climate-related risks and opportunities, and will disclose the TCFD and related governance status in the 2023 Sustainability Report.
2	Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).	Please refer to Table 1 below for details.
3	Describe the financial impact of extreme climate events and transformation actions.	Please refer to Table 1 below for details.
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Please refer to Table 2 below for details.
5	If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, and analysis factors used and the major impact on the finance shall be stated.	Resilience to climate change risks has not been assessed using scenario analysis.
6	If there is a transformation plan to manage climate-related risks, describe the contents of the plan, and the indicators and goals used to identify and manage physical and transition risks.	Please refer to Table 3 below for details.
7	If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	Internal carbon pricing has not yet been used as a planning tool.
8	If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information shall be stated; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information shall be stated. The source and quantity of offset carbon reduction credits or the quantity of RECs shall be stated.	The Company has established a greenhouse gas emission reduction target (hereinafter referred to as the carbon reduction target), and set short-term, medium-term and long-term goals. Starting from 2021 as the base year, the annual reduction will reach 4.2%. By 2030, the Group's carbon reduction will reach 42% or more from the base year. We will achieve the net zero emission goal by 2050. The Company has gradually achieved the carbon reduction goal through the implementation of energy saving and carbon reduction, use of low energy-consumption equipment, introduction of green power, and planning for installation of solar panels. The scope 1 and scope 2 carbon emissions in 2023 are 5,728.01 tCO ₂ e, a decrease of 24.7% (the target is 8.4%) compared to the base year. The carbon reduction results in 2024 will be disclosed on the Company's website after external verification.

For detailed information on climate, please visit the official website of the Company: <https://www.atec-group.com.tw/csr-167-300-302-304-page657>, or the Company's Sustainability Report: <https://www.atec-group.com.tw/csr-139-140-page373>

Table 1. Short- and Medium-Long-Term Financial Impacts of Climate Risks and Opportunities

Risk Category	Risk/ Opportunity	Items	Impact on business, strategy and finance		Financial impact of extreme climate events and transformation actions	Transformation action
			Short-term	Medium-/long-term		
Transformation Risk	Policies and Regulations	Enhanced emissions reporting obligations	Increase in initial cost and operating burden	Expanding the risks and responsibilities in compliance with laws and regulations	Reduce operating costs and improve efficiency Avoid potential legal and market risks	Compared to the schedule set by the FSC, the Company has completed the greenhouse gas inventory earlier and regularly disclosed the results annually.
	Market	Rising raw material costs	The decrease in gross margin affects profitability Increase in the pressure of working capital	Losses caused by the disruption of the supply chain caused by extreme weather events	Ensure stable supply and reduce the impact of market price fluctuations	1. Preference given to raw materials procured from the production site 2. Looking for second supplier 3. Execution of purchase contracts 4. Suppliers are required to prepare inventory
Physical Risk	Long-term	Increases in average temperature	The increase in electricity and water usage has caused an increase in electricity and water expenses, which in turn has increased operating costs.	The frequent extreme weather events affect the Group's operations, and the Group's shipments are unable to be shipped normally. The Group's profits have declined.	The investment in low-carbon energy will accelerate the Company's low-carbon transformation, and prevent the risk of decline in competitiveness.	The Company conducts energy management, tracks the power consumption of the plant every month, introduces green power consumption, and installs solar panels for voluntary and self-use.
Opportunities	Resource efficiency	Utilizing more efficient production and distribution processes	Enhance production and distribution efficiency	Technology innovation and new business model development	Enhance supply chain flexibility and reduce logistics costs Enhance product quality and customer satisfaction, increase sales revenue	1. Use of automated production lines 2. AI+AOI detection 3. Paperless operation 4. Procure local raw material
	Energy Sources	Using low-carbon energy	Investment in low-carbon energy increases operating costs	Reduce operating costs Enhance energy stability	Carbon tax risk reduction To increase the diversity of energy sources and strengthen climate resilience, to reduce the interruption rate of operations.	Guangzhou plant: signing of green power procurement contract, 2024 solar panel for voluntary self-use Malaysia Plant: The construction of solar panels was completed and officially commissioned in November 2024. Taiwan Plant: The construction of solar panels was completed and officially put into operation in April 2025.

Table 2. Risk Management System

TCFD management process	
(1)	ESG Committee members have completed the collection of climate and environmental background information and conducted assessment with respect to the climate risk and the range of the operations.
(2)	Establishing a list of climate risk and opportunity items and creating an internal operating impact questionnaire.
(3)	ESG committee members analyze climate risk opportunities and business impacts before deciding on material risk items.
(4)	Establish execution strategies and goal setting
(5)	Annually review the effectiveness of execution strategies and objectives through ESG Committee meetings
Risk Management Procedures	
(1)	Risk identification: Assessing risk sources and risk categories
(2)	Risk assessment: Assess the risk level of the risk item.
(3)	Confirm risk items: Develop improvement measures for identified high-risk items
(4)	Follow-up: Summarize the results of risk improvement and management, review the progress that is lagging behind for improvement, continue to maintain the improvement strategy for the risk of improvement, and continue to optimize and adjust as needed.

Table 3. Transformation plan for managing climate-related risks

Risk Category	Transformation Risk		Physical Risk
Items	Enhanced emissions reporting obligations	Rising raw material costs	Increases in average temperature
Mobile content	Group-wide Greenhouse Gas Inventory in accordance with ISO 14064-1	1. Preference given to raw materials procured from the production site 2. Looking for second supplier 3. Execution of purchase contracts 4. Suppliers are required to prepare inventory	1. Guangzhou plant: signing of green power procurement contract, 2024 solar panel for voluntary self-use 2. Taiwan and Malaysia plants: plan to set up solar panels 3. Energy management
Metrics and Targets	Regularly review the Group's greenhouse gas emissions annually	Compliance rate of environmental/social assessment of new suppliers: 100% The price decline rate of raw material purchase $\geq 4\%$.	The recent goal is to keep temperature rise within 1.5°C, and we pledge to reduce Scope 1 and Scope 2 emissions by 42% by 2030 compared to the baseline year of 2021, and to achieve net-zero emissions by 2050.

9-1 The Company's Greenhouse Gas Inventory and Assurance in the Recent Two Years

9-1-1 Greenhouse gas inventory information

Describe the greenhouse gas emissions (tCO ₂ e), intensity (tCO ₂ e/NT\$1 million) and data coverage in the most recent two years.		
Year	Greenhouse gas emissions (metric tons of CO ₂ e)	Greenhouse gas emission intensity (tons of CO ₂ e/NTD million)
2022	10,957	3.61
2023	7,460	3.74

9-1-2 Greenhouse Gas Assurance Information

Describe the assurance status in the most recent two years and up to the printing date of this annual report, including the scope, institution, standard and opinion of the assurance.
<p>The Company's greenhouse gas emissions for 2022 and 2023 have undergone external verification. The 2023 inventory was completed, and in 2024 the Company obtained an ISO 14064-1:2018 statement of assurance from Taiwan SGS. The verification scope covers the Taiwan, Shanghai, Guangzhou, and Malaysia plants. The assurance opinion states: "Based on the results of the verification, the scope, objectives, and criteria are consistent and appropriate. Categories 1 to 6 are covered under a limited assurance statement, with no qualifications." As of the date of this annual report, the Group's 2024 emissions inventory has not yet been externally verified. Complete assurance information will be disclosed in the Sustainability Report and on the Company's official website.</p> <p>For more information, please refer to the ISO 14064-1:2018 Assurance Statement disclosed on the Company's website.</p>

9-2 Greenhouse gas reduction goals, strategies and concrete action plans

Describe the base year for reduction of greenhouse gases and reduction data, reduction goals, strategies and specific action plans, and achievement status of the reduction goals.

1. Baseline year for greenhouse gas reduction: 2021
2. Greenhouse gas emission baseline annual emission: 11,150.699 tons CO₂e of the Group
Scope 1 and Scope 2 emissions 7,675.8174 tCO₂e
3. Greenhouse gas reduction goals: The recent goal is to keep temperature rise within 1.5°C, and we pledge to reduce Scope 1 and Scope 2 emissions by 42% by 2030 compared to the baseline year of 2021, and to achieve net-zero emissions by 2050.
4. Carbon reduction strategies and concrete action plans: signing of green power procurement contracts/establishing solar panels for self-use/energy management
5. Achievement of reduction targets: The 1st and 2nd target emissions in 2023 are 7,031.049 tCO₂e, and the actual emissions of 1st and 2nd target emissions are 5,782.007 tCO₂e, achieving the annual reduction target.
6. For detailed information, please visit the Company's website: <https://www.atec-group.com/tw/csr-167-185-page585>

- (VI) State of ethical corporate management and any difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof: The Company has established its "Rules for Ethical Corporate Management" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies". The Company operates under the highest principle of integrity, and conducts all business activities in line with laws and regulations.

Evaluation item			State of operation	Difference from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons for such difference
	Yes	No	Summary	
I. Establishment of the ethical corporate management policy and action plans (I) Has the company established an ethical corporate management policy approved by the board of directors? Does the policy clearly specify in its rules and external documents the ethical corporate management policies, and the commitment of the board of directors and the senior management to proactively implement the management policy?	V		I. Establishment of the ethical corporate management policy and action plans (I) The Company implements the ethical corporate management philosophy of integrity, transparency, and accountability, and establishes an integrity policy. As well as this, the Company's "Rules for Ethical Corporate Management" have been formulated to outline commercial practices that conform with integrity principles. Members of ABC Group, including directors, supervisors, employees, agents, and controllers are expected and required to take part in the enforcement of integrity policies. For the Code of Conduct, please see under Company Measures and Regulations of the Investors section on the Company's site at the investors section.	It is generally in compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
(II) Has the company established a risk assessment mechanism against unethical acts, analyzed and assessed business activities within their business scope regularly that are at a higher risk of being involved in unethical acts, and established prevention programs covering at least the preventive measures specified in Paragraph 2, Article 7 "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		(II) The Company has formulated its "Rules for Ethical Corporate Management" to prevent businesses with higher risk of unethical practices under Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" or business activities with higher risk of unethical practices within the business scope. The Company conducts risk assessment on issues of internal and external concern to the organization at the end of each year, and establishes an effective internal control system, which is reviewed from time to time to ensure the continuous and effective implementation of the system.	
(III) Has the company clearly provided the operating procedures, conduct guidelines, disciplines for violations and a grievance system in its program to prevent unethical acts and have these been implemented, and has the formally disclosed program been regularly reviewed and amended?	V		(III) In order to eliminate and prevent the occurrence of unethical practices, the Company has established its "Rules for Ethical Corporate Management" and "Code of Ethical Corporate Management". The "Regulations Governing the Reporting of Illegal and Unethical Behaviors by Internal/External Personnel" have also been established to promote ethical conduct among employees from time to time. For related documents, please see under Company Measures and Regulations of the Investors section on the Company's website at the investors section.	
II. Implementation of ethical corporate management (I) Has the company	V		II. Implementation of ethical corporate management (I) According to the "Code of Ethical Corporate Management", before conducting business transactions, the Company considers the legitimacy	It is generally in compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed

<p>evaluated the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements entered into with business partners?</p> <p>(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and has such unit reported to the Board of Directors its execution in terms of ethical management policy and preventive programs against unethical conducts and the supervision status on a regular basis (at least once a year)?</p> <p>(III) Has the company formulated a policy that prevents conflicts of interest and a channel that facilitates the reporting of conflicts of interests?</p> <p>(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and proposed relevant audit plans according to the assessment results of the risks of unethical conducts, and reviewed the compliance of the prevention of unethical conducts, or entrusted an accountant to carry out the review?</p> <p>(V) Does the company organize internal or external training on a regular basis to maintain ethical management?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>and credibility of the agents, suppliers, customers, and business partners. The Company avoids doing business with those with a record of unethical conducts, and the ethical conduct clauses are expressly set forth in the contract. Where a counterparty engages in an unethical conduct, the Company may terminate or cancel the contract at any time.</p> <p>(II) In order to improve the management of ethical corporate management of the Company, the Secretariat of the Board of Directors is responsible for the formulation of ethical corporate management policies and preventive plans. The Human Resources Department reports to the Board of Directors on the implementation of the ethical corporate management policy and prevention of unethical practices of the Company.</p> <p>(III) The Company has established its "Rules for Ethical Corporate Management" and "Code of Ethical Corporate Management" to prevent conflicts of interest. For the Code of Conduct, please see Company Measures and Regulations of the Investors section for the reference of shareholders and stakeholders. The Company has also set up a stakeholder section on the Company's website to serve as a communication channel for handling stakeholder suggestions, queries, and disputes in order to protect stakeholder rights.</p> <p>(IV) The Company has established an effective accounting system in accordance with the Securities and Exchange Act, the Business Entity Accounting Act, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards and International Accounting Standards endorsed by the Financial Supervisory Commission. The Audit Office oversees the implementation of the Company's internal rules and systems and reports the progress of the audit to the Board of Directors.</p> <p>(V) The Company conducts promotion on ethical corporate management through departmental meetings, weekly morning meetings, and video wall. In addition, the completion rate of the "Employee Integrity Assurance Integrity" signed by employees in 2024 was 100%. Furthermore, ethical corporate management is incorporated into the Code of Conduct for Employees.</p>	<p>Companies</p>
<p>III. State of operations of the company's reporting system</p> <p>(I) Has the company set up a specific reporting and incentive system, and established a channel to facilitate grievances and assigned dedicated personnel to receive grievances?</p>	<p>V</p>	<p>III. State of operations of the company's reporting system</p> <p>(I) The Company has established the "Regulations Governing the Reporting of Illegal and Unethical Behaviors by Internal/External Personnel", with dedicated personnel assigned and reporting channels set up. Any act violating the Company's ethical standards will be punished according to the Company's standards were severely punished. In 2024, no disciplinary actions were taken against any breach of ethical corporate management regulations.</p>	<p>It is generally in compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies</p>

<p>(II) Has the company implemented any standard operating procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling grievances filed?</p> <p>(III) Has the company taken appropriate measures to protect the whistleblower from mistreatment as a result of whistleblowing?</p>			<p>(II) The Company has a complaint/suggestion mailbox (atec.suggest@atec-group.com) and a hotline handling complaints by a dedicated person. A stakeholder section has been created on the Company's website to be used as a communication channel for stakeholders' suggestions, queries, and disputes. In addition, the Company has instituted the "Personal Data Protection Policy" to protect whistleblowers and provide confidentiality, incentives, and penalties. The robust reporting mechanism allows to communicate information in a secure and confidential manner, ensuring the rights and interests of stakeholders.</p> <p>(III) The Company provides reporting channels and takes appropriate protective measures in accordance with the law to protect the personal information and privacy of the whistleblowers.</p>	
<p>IV. Information disclosure strengthening</p> <p>Has the company disclosed the content of its ethical corporate management Best-Practice principles and the results of implementation on its official website and MOPS?</p>	V		<p>The Company fosters its Rules for Ethical Corporate Management; related content is disclosed on the Company's website under Company Measures and Regulations of the Investors section.</p>	<p>It is generally in compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies</p>
<p>V. If the company has formulated its own Ethical Corporate Management Best-Practice Principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operation and the Principles:</p> <p>There are no material differences between the contents of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and the Company's "Rules for Ethical Corporate Management".</p>				
<p>VI. Any other important information that may help understanding the performance of ethical corporate management better: (e.g., review of an amendment to its Ethical Corporate Management Best-Practice Principles):</p> <p>The Company upholds the principle of ethical corporate management in all business activities: a contract entered into with another party includes: the compliance with the ethical management policy and to terminate or cancel the contract at any time if the counterparty engages in an unethical conduct; to provide a workplace that protects the health and safety of each employee; to accept the opinions of employees; to encourage and assist employees to develop relevant skills and knowledge; to avoid illegal activities, and to provide sustainable employment opportunities for employees. The Company values the rights and interests of each stakeholder in order to promote the Company's sustainable development.</p>				

(VII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance:

Further education of directors:

Title	Name	Date of further education	Name of the course	Number of hours
Director	Joseph Hsu	2024/05/09	How does a Board of Directors supervise ESG risks and build the Company's sustainable competitiveness	3
		2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
Director	Kuo Dan-Wei	2024/05/09	How does a Board of Directors supervise ESG risks and build the Company's sustainable competitiveness	3
		2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
Director	Francis Fan	2024/05/09	How does a Board of Directors supervise ESG risks and build the Company's sustainable competitiveness	3
		2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
Director	Polter Hong	2024/05/09	How does a Board of Directors supervise ESG risks and build the Company's sustainable competitiveness	3
		2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
Director	Tommy Hsu	2024/05/09	How does a Board of Directors supervise ESG risks and build the Company's sustainable competitiveness	3
		2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
Director	Chen Chin-Yi	2024/05/09	How does a Board of Directors supervise ESG risks and build the Company's sustainable competitiveness	3
		2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
Director	Hsu Chen, Huei-Tsung	2024/05/09	How does a Board of Directors supervise ESG risks and build the Company's sustainable competitiveness	3
		2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
Independent Director	Wang, Yung-Cheng	2024/05/09	How does a Board of Directors supervise ESG risks and build the Company's sustainable competitiveness	3
		2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
Independent Director	Yu-Shan Chang	2024/05/09	How does a Board of Directors supervise ESG risks and build the Company's sustainable competitiveness	3
		2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
Independent Director	Chen Yu-Shan	2024/04/10	Steering Corporate Intelligence: How Corporate Governance Leads Business Forward	3
		2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
Independent Director	Cheng Kwai-Hui	2024/11/08	Discussion of the reward strategy and tools for corporate employees and the prevention of corruption	3
		2024/11/26	Analysis of unethical management and securities illegal cases	3
		2024/11/29	Defining the Silicon Photonics Network: Development Trends in Silicon Photonics (SiPh) and Co-Packaged Optics (CPO)	3
		2024/12/03	Wealth management for all people - wealth management methods that are available to all people	3

(VIII) Implementation of the internal control system

- For the 2024 Statement of Internal Control System, please refer to the "Declaration of Internal Control" on the MOPS.
 - Navigation Path: MOPS > Listed Company > Corporate Governance > Company Rules/Internal Control > Internal Control Statement Announcement
 - Website: <https://mops.twse.com.tw/mops/#/web/t06sg20>
- CPA audit report, where a CPA was engaged to carry out a special audit of the internal control system: None.

(IX) In the most recent year and up to the date of publication of the annual report, important resolutions adopted at the shareholders' meeting or board of directors meeting:

Board of Directors	Time	Important resolution
5th meeting of the 16th term	2024.01.23	<ol style="list-style-type: none"> 1. Approved the motion for 2023 year-end bonus and distribution of year-end bonus to company officers. 2. Approved the motion for amendments to the "Procedures for Salary and Remuneration to Company Officers". 3. Approved the motion for amendments to the "Procedures for Distribution of Remuneration to Employees". 4. Approved the motion for bank financing facility. 5. Approved the motion for 2024 business plan and budget 6. Approved the motion for Mid-term and Long-term Strategy and Corporate Plan for Annual Revenue of NT\$10 billion - 2024 version. 7. Approved the motion for revision of provisions of the Group's logo 8. Approved the motion for addition of the information security management policy 9. Approved the motion for solar panel installation project in the Taiwan Factory
6th meeting of the 16th term	2024.03.11	<ol style="list-style-type: none"> 1. Approved the motion for total amount and payment method of 2023 remuneration to directors and employees 2. Approved the motion for the Company's 2023 business report and financial statements. 3. Approved the 2023 earnings distribution. 4. Approved the 2022 audit quality indicator report 5. Approved the motion for 2023 "Statement of Internal Control" 6. Approved the motion for bank financing facility. 7. Approved the motion for amendments to some provisions of the "Articles of Incorporation". 8. Approved the motion for drafting the "Sustainability Report Preparation and Verification Procedure" 9. Approved matters relating to the convening of the 2024 Annual General Meeting of the Company. 10. Approved the establishment of an administration center for centralized management of the Group's human resources, information, information security, financial and accounting, and other functions and operations. The Chairman of the Group will act concurrently as the CEO for this centralized management.
7th meeting of the 16th term	2024.03.29	<ol style="list-style-type: none"> 1. Approved election of two additional seats of Independent Directors. 2. Approved the motion for lifting the non-compete restriction on new Independent Directors. 3. Approved the appointment of Fan Liang-Ying as the Assistant General Manager of the IT Department and Chief Information Officer of the Group
8th meeting of the 16th term	2024.05.09	<ol style="list-style-type: none"> 1. Approved the motion for the Company's 2024 Q1 consolidated financial statements 2. Approved the motion for amendments to some provisions of the Company's "Internal Control System" and "Internal Audit System". 3. Approved the motion for revision of provisions of the Group's logo
9th meeting of the 16th term	2024.06.03	<ol style="list-style-type: none"> 1. Approved the motion for appointment of the 5th Remuneration Committee members 2. Approved the motion for bank financing facility. 3. Approved the motion for amending the Company's corporate social responsibility best practice principles. 4. Approved the motion for revision of provisions of the Group's logo
Shareholders	2024.06.08	<ol style="list-style-type: none"> 1. Ratification of the 2023 business report and financial statements 2. Ratification of the 2023 earnings distribution. 3. Approved the motion for amendments to some provisions of the "Articles of Incorporation". 4. Approved the election of two additional seats of Independent Directors. 5. Approved the motion for lifting the non-compete restriction on new Independent Directors.
10th meeting of the 16th term	2024.08.09	<ol style="list-style-type: none"> 1. Approved the motion for 2023 distribution of remuneration to company officers

		<ol style="list-style-type: none"> 2. Approved the motion for 2023 distribution of remuneration to directors. 3. Approved the motion for the Company's 2024 Q2 consolidated financial statements 4. Approved the motion for setting of the ex-dividend date for cash dividends. 5. Approved the motion for bank financing facility. 6. Approved the motion for the "Management Measures for Prevention of Insider Trading" 7. Approved the motion for industry-academia collaboration and academic feedback mechanism agreement 8. Approved the motion for the change of the Corporate Governance Officer 9. Approved the motion for the Company's 2023 sustainable development report 10. Approved the motion for the change of the head of audit team from 2024 Q3. 11. Approved the motion for revision of provisions of the Group's logo
11th meeting of the 16th term	2024.11.08	<ol style="list-style-type: none"> 1. Approved the motion for the Company's 2024 Q3 consolidated financial statements 2. Approved the motion for amendments to some provisions of the Company's "Internal Control System" and "Internal Audit System". 3. Approved the motion for the Company's 2025 audit plan 4. Approved the motion for bank financing facility. 5. Approved the promotion of Senior Manager Luo, Wen-Yen to Associate and appointed him as MIM Project Director
12th meeting of the 16th term	2024.12.03	<ol style="list-style-type: none"> 1. Propose to establish a trading company in China in response to the transformation of the Company.
13th meeting of the 16th term	2025.01.20	<ol style="list-style-type: none"> 1. Approved the motion for base for 2024 year-end bonus and distribution of year-end bonus to company officers. 2. Approved the salary adjustment for the promotion of Senior Manager Lo, Wen-Yen to Associate 3. For the 2025 business plan and budget, the Chairman instructed to re-examine the management fee, etc., and will review it again in the next meeting. 4. Approved the 2025 version of the Group's mid- and long-term strategic planning.
13th meeting of the 16th term	2025.03.10	<ol style="list-style-type: none"> 1. Approved the motion for 2025 business plan and budget 2. Approved the motion for total amount and payment method of 2024 remuneration to directors and employees 3. Approved the motion for the Company's 2024 business report and financial statements. 4. Approved the motion for the 2024 earnings distribution. 5. Approved the 2023 audit quality indicator report 6. Approved the motion for 2024 "Statement of Internal Control" 7. Approved matters relating to the convening of the 2025 Annual General Meeting of the Company. 8. Approved the motion for bank financing facility. 9. Approved the motion for amendments to some provisions of the "Articles of Incorporation". 10. Approved the final beneficiary of the trading company in the region of China was adjusted.

Status of implementation of the resolutions of the 2024 shareholders' meeting:

Ratifications	Implementation of resolution			
The Company's 2023 business report and financial statements.	Resolution adopted			
The 2023 earnings distribution.	Approved the resolution to distribute cash dividends of NTD 0.22 per share, totaling NTD 23,100,135. September 2, 2024 was set as the record date for dividend distribution, and September 26, 2024, as the payment date.			
Matters for discussion and election	Implementation of resolution			
Approved the motion for amendments to some provisions of the "Articles of Incorporation".	Approved the resolution. The Ministry of Economic Affairs approved the registration of the changes in the amended Articles of Incorporation on 2024/06/13.			
Election of two additional seats of Independent Directors.	Approved the resolution. The Ministry of Economic Affairs approved the registration of the changes of director re-election on 2024/06/13			
Lifting the non-compete restriction on new Independent Directors	The shareholders' meeting resolved to release the following directors holding important positions in other companies from the non-competition restrictions			
	Title	Name	Other company name	Positions held in other companies
	Independent Director	Chen Yu-Shan	TOPCO SCIENTIFIC CO., LTD.	Independent Director
	Independent Director	Cheng Kwai-Hui	None	

- (X) In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to an important resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration: None.

IV. CPA fees

CPA fees

Amount: NTS'000

Name of CPA firm	Name of CPA		Audit period	Audit fee	Non-audit fee	Total	Remark
Deloitte & Touche	Chang Ya-Yun	Yeh Tung-Hui	2024/1/1~2024/6/30	4,090	1,327	5,417	Non-audit fees include transfer pricing report, annual maintenance fee of offshore company, change registration and processing fee of offshore company, etc.
	Wen, Chih-Yuan	Yeh Tung-Hui	2024/7/1~2024/12/31				

Note: 1. Audit fee for the change of accounting firms paid in the year is less than the previous year, the decreased amount, percentage and reason of the audit fee shall be disclosed: Not applicable.
2. Over 10% decrease in audit fee on a year-to-year basis, the decreased amount, percentage and reason of the audit fee shall be disclosed: Not applicable.

V. Information on replacement of CPAs

In line with the internal adjustment of Deloitte Taiwan, from 2024 Q3, the CPAs Chang Ya-Yun and Yeh Tung-Hui of the Company were replaced by CPAs Wen Chih-Yuan and Yeh Tung-Hu. This was approved at the 10th meeting of the 16th Board.

VI. Where the company's chairman, general manager, or any company officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliate of such accounting firm: None.

VII. Any transfer of equity interests and/or pledge of or change in equity interests in the most recent year or up to the date of publication of the annual report by a director, company officer, or shareholder with a stake of more than 10 percent

Unit: share

Title	Name	2024		Up to April 8, 2025	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	Joseph Hsu	2,000	0	4,000	0
Director	CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc.	0	0	0	0
	Representative: Tan-Wei Kuo	0	0	0	0
Director and General Manager	Francis Fan	0	550,000 (550,000)	0	0
Director	Polter Hong	0 (5,000)	0	0	0
Director and Executive Vice General Manager	Tommy Hsu	0	0	0	0
Director and Vice General Manager	Chen Chin-Yi	0	0	0	0
Director	Hsu Chen, Huei-Tsung	0	0	0	0
Independent Director	Wang, Yung-Cheng	0	0	0	0
Independent Director	Yu-Shan Chang	0	0	0	0
Independent Director	Chen Yu-Shan (Date of appointment: 2024/6/3)	0	0	0	0
Independent Director	Cheng Kwai-Hui (Date of appointment: 2024/6/3)	0	0	0	0
Assistant General Manager	Cheng Shao-Yen	0	0	0	0
Assistant General Manager	Hsu Shih-Feng	45,000	0	0	0
Assistant General Manager	Fan, Liang-Hsiu (Date of appointment: 2024/4/16)	0	0	0	0
Assistant General Manager	Luo, Wen-Yen (Date of appointment: 2024/12/1)	45,120	0	0	0
Chief Accounting Officer	Cheng Ya-Yun	0	0	0	0
Chief of corporate governance	Wang Shu-Hua (Date of appointment: 2024/8/9)	0	0	0	0
Assistant General Manager	Hsieh Tsai-Hsien (Date of dismissal: 2024/6/30)	0	0	0	0
Chief of corporate governance	Chiu Mai-Yen (Date of dismissal: 2024/8/9)	0	0	0	0

Information on equity transfer

Unit: share

Name	Reason for equity transfer	Date of transaction	Counterparty	Relationship between counterparties of transactions with the Company, directors, supervisors, company officers, and shareholders holding more than 10 percent of the shares	Number of shares	Transaction price
			None	None		

Information on equity pledge

Name	Reason for change in pledge	Date of transaction	Transaction counterpart	Relationship between counterparties of transactions with the Company, directors, supervisors, company officers, and shareholders holding more than 10 percent of the shares	Number of shares	Shareholding ratio	Pledge ratio	Amount of pledged loan
Francis Fan	Redeemed	2024.04.11	Yuanta Securities Co., Ltd		550,000	1.23%	69.56%	
Francis Fan	Pledge	2024.04.18	Zhongli Branch, First Commercial Bank		550,000	1.23%	69.56%	

VIII. Names and relationships between the top ten shareholders including spouses and second degree of kinship

Name	Number of shares held		Shareholding of spouse and minor children		Total shareholding in the name of others		Names and relationships between the top ten shareholders including spouses and second degree of kinship.		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or Name)	Relationship	
CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc.	9,117,736	8.68%	-	-	-	-	-	-	-
Representative: Kuo Dan-Wei	-	-	-	-	-	-	-	-	-
Joseph Hsu	6,156,038	5.86%	1,017,992	0.97%	-	-	Qian Hua Investment Qian Jung Investment Hsu Chen, Huei-Tsung Hsu Yi-Hsin Tommy Hsu	Chairman Director Spouse Father Father and son	-
Qian Hua Investment	2,958,469	2.82%	-	-	-	-	Joseph Hsu Francis Fan Tommy Hsu	Chairman Director Director	-
Representative: Joseph Hsu	6,156,038	5.86%	1,017,992	0.97%	-	-	Qian Hua Investment Qian Jung Investment Hsu Chen, Huei-Tsung Hsu Yi-Hsin Tommy Hsu	Chairman Chairman Spouse Father Father and son	-
Tommy Hsu	1,638,600	1.56%	304,205	0.29%	-	-	Qian Hua Investment Qian Jung Investment Joseph Hsu Hsu Chen,	Director Director Father and son Mother and son Siblings	-

							Huei-Tsung Hsu Yi-Hsin		
Qian Jung Investment	1,450,088	1.38%	-	-	-	-	Hsu Chen, Huei-Tsung Joseph Hsu Tommy Hsu Hsu Yi-Hsin	Chairman Director Director Director	-
Representative: Hsu Chen, Huei-Tsung	1,017,992	0.97%	6,156,038	5.86%	-	-	Qian Jung Investment Joseph Hsu Hsu Yi-Hsin Tommy Hsu	Chairman Spouse Mother Mother and son	-
Hsu Yi-Hsin	1,437,330	1.37%	-	-	-	-	Qian Jung Investment Joseph Hsu Hsu Chen, Huei-Tsung Tommy Hsu	Director Father Mother Siblings	-
Francis Fan	1,293,730	1.23%	43,017	0.04%	-	-	Qian Hua Investment	Director	-
Liu Ming-Lun	1,358,769	1.29%	-	-	-	-	-	-	-
Fang Yu-Chin	1,127,844	1.07%	-	-	-	-	-	-	-
Hsu Chen, Huei-Tsung	1,017,992	0.97%	6,156,038	5.86%	-	-	Qian Jung Investment Joseph Hsu Hsu Yi-Hsin Tommy Hsu	Chairman Spouse Mother Mother and son	-

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors, supervisors and, managers, and any companies controlled either directly or indirectly by the company

Invested business	December 31, 2024				Unit: shares	
	The Company's investment		Investment by directors, supervisors, company officers and any companies controlled either directly or indirectly by the company		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
ABC AMERICA ELECTRONICS CORP.	220,000	100.00%	-	-	220,000	100.00%
ATEC HOLDING COMPANY	33,184,161	100.00%	-	-	33,184,161	100.00%

Note: Investment accounting for under the equity method.

Three. Capital Raising Activities

I. Company capital and shares

(I) Sources of capital

Month and year	Issue price (NT\$)	Authorized capital		Paid-in capital		Note		
		Number of shares (in thousands)	Amount (NT\$'000)	Number of shares (shares)	Amount (NT\$)	Sources of capital	Offset by any property other than cash	Other
1979.05	10	1,000	10,000	1,000,000	10,000,000	Capital stock at establishment \$10,000,000	-	She-Zi No. 120845 dated 1979.05.25
1980.07	10	2,950	29,500	2,950,000	29,500,000	Capital increase of NT\$19,500,000 by cash	-	1990.07.07
1996.08	10	4,103.3	41,033	4,103,300	41,033,000	Capital increase of NT\$11,533,000 by cash	-	1996.08.28
1998.11	10	8,000	80,000	5,103,300	51,033,000	Capital increase of NT\$10,000,000 by cash	-	Jian San Yi Zi No. 260398 dated 1998.11.19
1999.12	10	8,000	80,000	6,281,210	62,812,100	Capital increase of NT\$11,779,100 by cash	-	She-Zi No. 089371671 dated 2000.1.29
2000.09	20	28,000	280,000	13,161,210	131,612,100	Capital increase of NT\$25,150,000 by cash Capital increase of NT\$43,650,000 by capital reserve	-	She-Zi No. 089141547 dated 2000.11.09
2000.12	20	28,000	280,000	15,837,210	158,372,100	Capital increase of NT\$26,760,000 by cash	-	She-Zi No. 089148192 dated 2000.12.27
2001.06	10 10 15	28,000	280,000	25,000,000	250,000,000	Capital increase of NT\$47,511,630 by earnings Capital increase of NT\$24,116,270 by capital reserve Capital increase of NT\$20,000,000 by cash	-	Jing-Shou-Zhong-Zi No. 09001269410 dated 2001.07.19
2001.10	20	28,000	280,000	27,000,000	270,000,000	Capital increase of NT\$20,000,000 by cash	-	Jing-Shou-Zhong-Zi No. 09001450700 dated 2001.11.15
2002.07	10	32,000	320,000	28,350,000	283,500,000	Capital increase of NT\$13,500,000 by earnings	-	Jing-Shou-Zhong-Zi No. 09101341960 dated 2002.08.20
2002.11	20	32,000	320,000	30,350,000	303,500,000	Capital increase of NT\$20,000,000 by cash	-	Jing-Shou-Zhong-Zi No. 09101486770 dated 2002.12.12
2003.09	10	32,000	320,000	31,867,500	318,675,000	Capital increase of NT\$15,175,000 by capital reserve	-	Jing-Shou-Zhong-Zi No. 09232804930 dated 2003.10.15
2004.08	10	37,500	375,000	33,460,875	334,608,750	Capital increase of NT\$9,560,250 by earnings Capital increase of NT\$6,373,500 by capital reserve	-	Jing-Shou-Zhong-Zi No. 09332584620 dated 2004.08.20
2004.12	10	37,500	375,000	37,245,875	372,458,750	Capital increase of NT\$37,850,000 by cash	-	Jing-Shou-Zhong-Zi No. 09333184790 dated 2004.12.15
2005.08	10	39,500	395,000	39,480,628	394,806,280	Capital increase of NT\$22,347,525 by capital reserve	-	Jing-Shou-Zhong-Zi No. 09432762760 dated 2005.09.05
2007.08	10	60,000	600,000	41,454,660	414,546,600	Capital increase of NT\$19,740,320 by earnings	-	Jing-Shou-Zhong-Zi No. 09632568520 dated 2007.08.13
2007.09	10	60,000	600,000	45,454,660	454,546,600	Capital increase of NT\$40,000,000 by cash	-	Jing-Shou-Zhong-Zi No. 09632706600 dated 2007.09.03
2009.02	10	60,000	600,000	43,454,660	434,546,600	Cancellation of treasury stock NT\$20,000,000	-	Jing-Shou-Zhong-Zi No. 09831639610 dated 2009.02.02
2011.08	10	60,000	600,000	46,061,940	460,619,400	Capital increase of NT\$26,072,800 by earnings	-	Jing-Shou-Zhong-Zi No. 10032421070 dated 2011.08.22
2012.03	10	60,000	600,000	53,129,812	531,298,120	Conversion of corporate bonds NT\$70,678,720	-	Jing-Shou-Zhong-Zi No. 10101084430 dated 2012.05.09
2012.06	10	60,000	600,000	54,511,671	545,116,710	Capital increase of NT\$13,818,590 by earnings	-	Jing-Shou-Zhong-Zi No. 10101181700 dated 2012.08.31
2012.09	10	60,000	600,000	55,381,671	553,816,710	Conversion of corporate bonds NT\$8,700,000	-	Jing-Shou-Zhong-Zi No. 10101242010 dated

								2012.11.22
2012.12	10	60,000	600,000	56,481,671	564,816,710	Conversion of corporate bonds NT\$11,000,000	-	Jing-Shou-Zhong-Zi No. 10201040050 dated 2013.03.13
2013.05	10	60,000	600,000	56,971,671	569,716,710	Conversion of corporate bonds NT\$4,900,000	-	Jing-Shou-Zhong-Zi No. 10201101880 dated 2013.05.31
2013.08	10	60,000	600,000	57,011,671	570,116,710	Conversion of corporate bonds NT\$400,000	-	Jing-Shou-Zhong-Zi No. 10201179170 dated 2013.08.29
2013.12	10	60,000	600,000	57,231,671	572,316,710	Conversion of corporate bonds NT\$2,200,000	-	Jing-Shou-Zhong-Zi No. 10201245280 dated 2013.12.03
2015.09	10	80,000	800,000	60,379,413	603,794,130	Capital increase of NT\$31,477,420 by earnings	-	Jing-Shou-Zhong-Zi No. 10401197610 dated 2015.09.17
2016.09	10	80,000	800,000	63,096,487	630,964,870	Capital increase of NT\$27,170,740 by earnings	-	Jing-Shou-Zhong-Zi No. 10501229800 dated 2016.09.19
2017.06	10	80,000	800,000	69,096,487	690,964,870	Private placement of common stock NT\$ 60,000,000	-	Jing-Shou-Zhong-Zi No. 10601076390 dated 2017.06.12
2017.09	10	80,000	800,000	73,197,759	731,977,590	Capital increase of NT\$41,012,720 by earnings	-	Jing-Shou-Zhong-Zi No. 10601125270 dated 2017.09.04
2018.09	10	100,000	1,000,000	85,641,378	856,413,780	Capital increase of NT\$124,436,190 by earnings	-	Jing-Shou-Zhong-Zi No. 10701118200 dated 2018.09.20
2019.09	10	100,000	1,000,000	92,920,896	929,208,960	Capital increase of NT\$72,795,180 by earnings	-	Jing-Shou-Zhong-Zi No. 10801127050 dated 2019.09.19
2023.10	10	150,000	1,500,000	105,000,613	1,050,006,130	Capital increase of NT\$120,797,170 by earnings	-	Jing-Shou-Zhong-Zi No. 11230198610 dated 2023.10.24

April 7, 2025

Unit: shares

Type of shares	Authorized capital			Note
	Shares outstanding	Shares yet to be issued	Total	
Ordinary shares	105,000,613	44,999,387	150,000,000	

Note: These shares are listed on TWSE/TPEX.

(II) Information on the aggregate reporting system: None.

(III) List of major shareholders

April 7, 2025

Unit: shares

Name of major shareholder	Shares	Number of shares held	Shareholding ratio
CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc.		9,117,736	8.68%
Joseph Hsu		6,156,038	5.86%
Qian Hua Investment		2,958,469	2.82%
Tommy Hsu		1,638,600	1.56%
Qian Jung Investment		1,450,088	1.38%
Hsu Yi-Hsin		1,437,330	1.37%
Liu Ming-Lun		1,358,769	1.29%
Francis Fan		1,293,730	1.23%
Fang Yu-Chin		1,127,844	1.07%
Hsu Chen, Huei-Tsung		1,017,992	0.97%

(IV) The company's dividend policy and implementation status

1. Dividend policy

Any earnings at the end of the year are subject to tax, and reimbursement of accumulated losses according to laws, followed by 10% of the earnings as legal reserve, and the remainder as provision or reverse of special reserves, except that if the legal reserve has reached the Company's paid-in capital. If there are earnings remaining, together with the undistributed earnings, the board of directors is to draft a motion for earnings distribution and submit it to the shareholders' meeting for resolution and distribution of dividends to shareholders.

The Company's dividend policy will accommodate current and future development plans, consider the investment environment, fund requirements and domestic and external competition, and shareholders' interest to provide appropriation of earnings of at least 20% as the shareholders' dividends each year. However, when the accumulated earnings available for distribution falls below 2% of the paid-in capital, the distribution may not proceed. Any shareholders dividends are paid in the form of cash or shares, of which cash dividends shall not be less than 10% of the total dividends.

2. Distribution of dividends proposed at the shareholders' meeting

It was proposed at the shareholders' meeting to distribute cash dividend of NT\$0.35 per share.

(V) The effect of the current bonus shares on the operating performance, EPS and return on shareholder's investment:

Year		2025 (estimated)
Item		
Paid-in capital at the beginning of the period		NT\$1,050,006,130
Dividends distributed for the year (Note 1)	Cash dividend per share	NT\$0.350
	Number of shares allotted per share for capital increase from earnings	0.000 shares
	Number of shares allotted per share for capital increase from capital reserve	-
Changes in business performance	Operating profit	Not applicable (Note 2)
	Increase (decrease) in operating income YoY	
	Net profit after tax	
	Increase (decrease) in net profit after tax YoY	
	Earnings per share	
	Increase (decrease) in earnings per share YoY	
	Annual average return on investment (annual average earning yield)	
Pro forma earnings per share and price-earnings ratio	If the capitalization of earnings is replaced with payout of cash dividends	Pro forma earnings per share
		Pro forma annual average return on investment
	If the capitalization of capital surplus is not conducted	Pro forma earnings per share
		Pro forma annual average return on investment
	If the capitalization of capital surplus is not conducted and the capitalization of earnings is replaced with payout of cash dividends	Pro forma earnings per share
		Pro forma annual average return on investment

Note 1: Resolution adopted at the 2025 shareholders' meeting.

Note 2: According to the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to disclose the financial forecasting information for the entire fiscal year of 2025.

(VI) Remuneration to employees and directors/supervisors

1. The percentages or ranges with respect to remuneration to employees and remuneration to directors as set forth in the Company's Articles of Incorporation

According to Article 34 of the Articles of Incorporation - if there is a profit within the Company in the year, 12%-16% of the profit shall be set aside for employees. The Board of Directors may decide to distribute the employees' remuneration in shares or cash. Employees who meet certain criteria are entitled to receive remuneration. The Company may set aside up to 6% of the profits as stated above as remuneration to directors by resolution adopted by the Board of Directors. The motion for the distribution of remuneration to employees and directors shall be reported at the shareholders' meeting.

However, when the Company has accumulated losses, such amount shall be retained to cover the losses and then appropriated as remuneration to employees and remuneration to directors/supervisors on a pro rata basis as referred to in the preceding paragraph.

2. Information on remuneration to employees and directors/supervisors approved by the Board of Directors

The distribution of remuneration to employees and directors for 2024 has been resolved at the 14th meeting of the 16th Board of Directors held on March 10, 2025.

- (1) Resolution of the remuneration to employees and directors:

The Company's Board of Directors resolved to distribute NT\$1,155,741 as remuneration to employees and NT\$288,935 to directors, both in cash.

- (2) Where there is a difference with the estimated amount for the year, in which the expenses are recognized, the amount of difference, reason, and accounting treatment shall be disclosed:

There is no difference between the actual amount distributed as remuneration to employees and directors and the estimated amounts of NT\$1,155,741 and NT\$288,935 in the 2024 financial report.

- (3) If the actual distribution amount resolved by the board of directors is different from the estimated amount, it is treated as a change in accounting estimate and recognized as profit or loss in 2024.

- (4) Amount of remuneration for employees distributed in stock and percentage to the total amount of after-tax profit and remuneration for employees in the parent company only or individual financial statements of the current period: Not applicable.

3. The actual distribution of employee, director, and supervisor remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor remuneration, additionally the discrepancy, cause, and how it is treated:

Items	Proposal by the Board	Expenses recognized in 2023	Difference of amount
Remuneration to employees - cash	8,629,836	8,629,836	0
Remuneration to directors	2,655,334	2,655,334	0

- (VII) Buyback of the company shares: None.

- II. Issuance of corporate bonds: None.**
- III. Preferred shares: None.**
- IV. Global depository receipts: None.**
- V. Employee share subscription warrants: None.**
- VI. Restricted stock awards: None.**
- VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.**
- VIII. Implementation of the company's capital allocation plan: None.**

Four. An Overview of Operations

I. Description of the business

(I) Business scope

1. Main lines of business

- (1) ABC manufactures, processes, and sells various noise filters, converters, chip coils, transformers, and their magnet cores, and various ferrite cores.
- (2) Stamping, manufacturing, processing and trading of various metal parts.
- (3) Manufacture, processing, and sales of tooling molds and production equipment for various products.
- (4) Import/export trading business.

2. Major products and their percentages in total business volume

Unit: NTD thousand		
Business items	2024 Revenue	Proportion to total business amount (%)
Inductors	1,794,658	96.27
Ceramic Heat Sink	8,321	0.45
Precision metal parts	37,761	2.03
Other	23,439	1.25
Total	1,864,179	100.00

3. New products planned for development

(1) Inductors

- A. In-vehicle POC (Power Over Coax) uses power filter inductors.
- B. EMI shielding alloy powder molded high-current power inductors for power modules.
- C. Signal common mode filter component for automotive network communication module (OpenAlliance 1000Base-T1).
- D. Alloy powder molded miniature power inductors.
- E. Ultra Miniature RF Inductors.
- F. Alloy powdered one-piece thin precision power inductor series.

(2) LTCC components

- A. 1005 Bandpass Filter for 5G Mobile Phones
- B. 1608 Duplexer for GPS and Bluetooth/Wi-Fi
- C. 2012/3225 Low-Pass Filter for Cable Modems
- D. 1608 Bandpass Filter for UWB (Ultra-Wideband) Applications

(II) Industry overview

1. Current status and development of the industry

Components of electronic products can be divided into two types according to their basic characteristics. The first is "passive components", where components only require an input signal to function and do not need an external power supply, and will not change the direction of the flow of electricity. Passive components include resistors, capacitors, inductors, transformers, quartz crystal resonators, etc., as well as all such products that are combined into integrated components, such as filters, and some RF-based components, such as RF couplers, duplexers, etc. The second type is "active components." All non-passive components are active components, including diodes, transistors, thyristors and all integrated circuits.

Resistors, capacitors and inductors are the three most important basic components of passive components. Among these three categories, the inductor is the most varied and the most complex in its application, but it is also the most vital component for achieving many important electrical functions. Almost all switching power converters require the use of inductors or transformers with inductive functions. For switching power converters, the inductance is the main determinant of the performance and efficiency of the switching converter. Power converters currently make up the largest application of the Company's inductor products and account for the highest percentage of overall sales. The second largest application is that of EMI filter inductors. Inductors play a key role in controlling EMI, such as line filters, common mode chokes, differential chokes, multilayer chip

inductors, etc., are widely used in electronics or systems. Due to the continuous innovation and mass production of various electronic products, the growth momentum of EMI inductors is expected to continue. Radio frequency inductors (RF inductors) are used in more traditional inductive applications. However, with the increasing prevalence of wireless functions for handheld electronic devices and home appliances, the demand for radio frequency inductors has also risen exponentially, with growth momentum that should not be underestimated. These applications are driving the overall inductor industry toward full automation, miniaturization, higher operating frequency, and lower power consumption.

In addition, due to the trend of EVs replacing fuel vehicles and the rapid expansion of automotive electronics, inductor products for the automotive sector are also experiencing explosive growth. However, the most important requirement in the automotive field is not performance or price, but quality, so inductors for automotive applications are constantly moving toward high quality (zero defects).

In terms of global inductor market share, Japan and the U.S. are the main sources of supply, but due to cost pressure, in recent years, companies in Taiwan, the U.S. and Japan have relocated their production bases to mainland China. China has become the world's most attractive market due to the high domestic market demand, which has brought together major global suppliers to expand their production and investment. With increased foreign investment from Taiwanese, American and Japanese companies, the Chinese market has been growing and has surpassed Japan to become the world's largest component manufacturing base.

Traditional heat sinks used in thermal management are all metal products. The market has gradually accepted the use of ceramic (silicon carbide) to replace low-wattage electronic components for heat dissipation. The main competitive advantage of a slim profile, light weight, and low cost is to bring new and innovative design applications to the electronics field, allowing consumer electronic products to move toward slimmer designs.

Molded stamping components have always been indispensable for consumer electronics products, and are increasingly used in new products, with a trend towards miniaturization and precision. At the same time, product lifecycles are becoming shorter, and companies must move toward better responsiveness in order to gain the preference of customers and obtain more orders.

Low-temperature co-firing of ceramics is widely used in the fields of filter, multi-function, and high-frequency induction, and antennas for wireless communication. It plays an important role in modern electronic products. With the continued advancement of technology, it is expected that there will be more innovative applications in the future.

2. Upstream, midstream, and downstream industry linkages

(1) Inductor components

The most upstream products in the electronics industry are the raw materials needed to manufacture inductors, such as ferrite cores, enameled wires, silver paste, and plastic stands. The inductors are in the upper to middle stream of the industry, including wire-wound inductors, multilayer inductors, ferrite beads, and thin-film inductors. The middle to downstream are modular electronic products, such as AC/DC switching converters, motherboards for computers, EMI filtering modules, RF communication modules, etc. Finally, downstream products in the electronics industry includes all end-use electronic products (electronic products for general consumers to use directly), such as mobile phones, computers, servers, printers, TVs, audio speakers, any wearable electronic products, etc.

Raw materials	Inductors	Modular electronics	Consumer electronics
(i) Ferrite core (including MnZn, NiZn, ceramic, and alloy cores) (ii) Enameled wire (general coating, TIW, FIW etc.) (iii) Plastic frame (available in different materials such as LCP, PP, PE, phenolic resins etc.) (iv) Silver paste	(i) Coil inductor (ii) Multilayer inductors (iii) Ferrite bead inductor (iv) Thin-film inductor	(i) Switching AC/DC convertors (ii) Computer motherboards (iii) EMI filter module (iv) RF communication module (e.g. WiFi module)	(i) Consumer electronics such as cellphones, tablets, PCs, and servers (ii) Peripherals such as printers, scanners, modems, switches, and wireless routers (iii) Home appliances such as TV, sound system, and refrigerator (iv) Any wearable electronics

(2) Ceramic heat sink

Upstream

Ceramic (silicon carbide) powder

Midstream

Ceramic heat sink, radiator, substrate
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Downstream

STB , LEDTV , ADAPTER , LAMP

(3) Precision metal parts

Upstream

Copper, aluminum, steel, and nickel

Midstream

Stamping, electroplating, and plastic injection plants
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Downstream

IC packaging, battery cell, PC, and CCFL light tube manufacturers

(4) LTCC products

Upstream

Ceramic powder, silver paste

Midstream

LTCC Filter

Downstream

Routers, modems, mobile phones, consumer electronics
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3. Product development trends and competition

(1) Development trends of inductors

The development trend of inductors mainly changes in response to the development of system products. At present, the application market of inductors has gradually shifted from computer-related peripheral products to consumer communication products, in particular portable electronic products such as smart phones, tablet computers, and other products with wireless communication connections. In response to the needs of these high-density circuit systems, miniaturization, chipization, high frequency, volume, and composite have become the inevitable development trends of passive components. Thin, light, compact components are still the mainstream of the market for aesthetics and portability. However, the rapid changes in the product life cycle result in miniaturized passive components no longer meet the requirements of system products. Therefore, passive components have been integrated to facilitate downsizing of system products, also the current development trend. Overall, the inductors will develop toward miniaturization, high frequency and integration.

A. Miniaturization

Affected by the light, thin, short, small, and multi-functional electronic products, chip inductors have evolved from the 3216, 1005, 0603, 0402 and 0201 specifications in the past to smaller sizes in order to save the design space of system products, and continue to be reduced in size in terms of specifications.

B. High frequency

As electronic and communication products move toward high-frequency chip inductors, the operable frequency of the inductor must also increase. Since 2000, high-frequency chip inductors made of precision electronic ceramic materials have been the mainstream of development for high-frequency applications at the GHz level, especially in response to the demand for communication-related high-frequency environments. These include the increasing use of products at 2.4 GHz and 5 GHz. The inductor manufacturers are committed to the development of high-frequency chip inductors with operating frequency up to several GHz, and improving the Q-value of products through improved manufacturing methods. In response to the trend of high frequency, the Company has successfully developed high-frequency inductors and is actively introducing them into production.

C. Structured

Passive components in mobile phones are also developing toward integrated products. In addition to capacitors, resistors and inductors, the size of electronic products in the past did not emphasize thin and light, and the roles of passive components were scattered in various corners of the circuit board. The functions of electronic products are getting more and more diversified, being applied in more passive components, which occupy the largest area and quantity in the electronic product circuit. At present, when the portable electronic products that require light, thin, and short components are required, the development focus of the passive components is chip-based products. However, due to the development limitation of this type of discrete components, the future development of integrated components will have great opportunities.

(2) Development trend of mechanical components

The development trend of mechanical components, mainly metal and plastic injection bonding, through this composite to achieve product size, waterproof and air tightness requirements.

A. Size miniaturization

As the product design becomes lighter and thinner, the required connectors and terminals are also getting increasingly finer, and the material thickness is even only 0.05mm.

B. Airtight

Air-tightness is required for laser diodes and cold-cathode nickel-cup products, and even industrial computer connectors have the same demand.

C. Water resistance

In terms of connector design requirements, as connectors are used in outdoor or special occasions, it is necessary for them to be waterproof. This kind of process is more challenging for metal and plastic lamination projects.

(3) Development trend of ceramic heat sink

The design of ceramic heat sink must also be thin and light, high strength, high heat dissipation efficiency, and adopt low cost production methods. In doing so, we will be able to have higher competitiveness in the market, and can the new design can be more widely used in the new products. Therefore, how to meet customer needs will be the most critical factor.

(4) Development trend of LTCC

LTCC has resolved the problem of smaller space and more and more components. It is not only used in cell phones, but also in the front-end components of filters, multi-function, and high-frequency inductors, and antennas for wireless communication. As 5G and WiFi have increased the specification requirements for frequency, the traditional mainstream SAW and BAW filter has difficulty in loading. For example, the 6GHz frequency band used in 5G sub-6 and WiFi 7 has exceeded the upper limit of SAW, which is the boundary point of BAW. Therefore, it is estimated that the demand for LTCC filters will continue to rise.

(5) Market competition

In terms of the global inductor market share, Japan and the USA are the countries with the largest production scale, while the Taiwan manufacturers have a relatively low global market share.

There are more than 100 manufacturers of inductors and coils in Taiwan, and most of them are mainly coil manufacturers. The manufacturers of chip inductors include ABC, Chilisin, Mag Layers, King Core, Tecstar Technology, Tai-Tech, ACX, and Max Echo, Dar Fon, and Qian-Kun. Among them, Chilisin, Mag Layers, King Core, ABC, and Tai-Tech are of larger scale and offer a wide range of products. In response to the development trend of inductors, the Company has actively developed lower-profile, high-frequency and high-current inductor products to provide customers with high-performance and lead-free products and gain competitive advantages.

In order to avoid competition for mechanical components, the Company uses proprietary and specialized equipment to develop niche products, such as large-bed presses for producing IC and LED-lead frames, clamping system presses for deep-drawing nickel cups, and vertical plastic injection machines for waterproof connectors.

Ceramic (silicon carbide) heat sinks were originally manufactured in Taiwan, manufactured by ABC, Kallex, and Qing-Hui. The Company adopts a fast dry spray pelletizing process to manufacture heat sinks in order to have competitive advantage in the market.

For many years, Japanese manufacturers have been the dominant players in the LTCC industry. They have a global market share of about 50%. The main manufacturers are TDK and Murata. Taiwanese manufacturers include SMT, Winbond, and GIGA.

(III) Technology and R&D overview

In 2024, we invested NT\$110,224 thousand in R&D and have successfully developed the following technologies or products:

1. Inductors

- (1) MSF3425-D and MSF4532-D series of signal common mode filter components for automotive network communication modules (CAN-FD Class 1); deployment in the niche market of automotive communication.
- (2) MSF3425-B series of signal common mode filter components for automotive network communication modules (OpenAlliance 100Base-T1); deployment in the niche market of automotive communication.
- (3) Metal powder compression molding dual-chip coil coupler MCH1040 series; deployment of DC/DC converters in the power control niche market.
- (4) Development of automotive high-current power common mode filter-AQF1560 series; deployment of automotive power filter in the niche market.
- (5) Completion of production and introduction of MCU1255 and MCU1277 for automotive power supply; deployment in the niche market of automotive battery control.
- (6) Completed production line verification for MCU7045/MCU6045 series of automotive power supply inductance; deployed in the niche market of automotive battery control.
- (7) Development of Chip Inductor high-frequency inductor SWI0402FT/CT and SWI0603CM; deployment in the high-frequency communication market.
- (8) The production of spray granulators has entered the production application stage; the independent ability of materials is strengthened, and the product efficiency and production yield stability are improved.

2. LTCC components

LTCC has completed several samples and applied them to GPS, Bluetooth, automotive WiFi, cable modem, UWB ultra-wideband and 5G mobile devices. The samples are now being evaluated by customers.

(IV) Long-term and short-term business development plans

1. Market development strategy

(1) Medium and long-term plans

Based on the “2025 Mid-Term Business Strategy” with the goal of becoming a company with annual revenue of NTD 10 billion, the Company is targeting operating revenue of NTD 2.2 billion by 2025. Under the strategic initiative of “Design-In and FAE Laboratory Project Promotion,” we are committed to strengthening our foundation by continuously enhancing our R&D innovation capabilities and product gross margins, while proactively exploring and developing new, profitable business models. In addition, we are advancing key execution plans such as seeking strategic partners for scale, integrating the supply chain, and consolidating production sites to further improve market competitiveness and operational efficiency.

A. Product and market development direction

- ◆ Promote and mass-produce LTCC components to expand diversified applications in the high-frequency communication market.

- ◆ Strengthen collaboration with domestic server manufacturers and actively pursue TLVR design-in opportunities.
- ◆ Extend production layout by broadening ATM-related product lines and advancing the relocation and establishment of MIM production facilities.
- ◆ Deepen relationships with existing customers while continuously expanding the new customer base.

B. Business strategies

- ◆ Increase the share of renewable energy and promote innovative energy-saving initiatives.
- ◆ Optimize administrative processes by implementing an electronic form system and introducing AI assistants to streamline specific tasks.
- ◆ Strengthen the information security framework by implementing a company-wide cybersecurity mechanism, enhancing monitoring and prevention capabilities, ensuring rapid response to risks, and safeguarding information and communication security.
- ◆ Streamline operational workflows to reduce costs, improve resource efficiency, strictly manage expenses, and enhance cross-departmental collaboration.
- ◆ Integrate group resources, reinforce incentive systems, and cultivate talent with cross-disciplinary capabilities.
- ◆ Obtain SA8000 certification to reinforce the Company's commitment to corporate social responsibility.

(2) Short-term plans

Under the "2025 Business Strategy," with the goal of becoming a company with annual revenue of NT\$10 billion, we are committed to the following:

- A. Strengthen strategic partnerships, identify trends in AI applications, and expand market reach.
- B. Expand LTCC production line capacity to enhance order fulfillment capabilities and drive revenue growth.
- C. Optimize the AAE rapid response mechanism, improve customer experience, and enhance module design technologies.
- D. Continuously optimize the product portfolio, upgrade automation processes, enhance AI+AOI performance, and advance intelligent production monitoring.
- E. Accelerate the MIM project, achieve economies of scale, ensure workforce stability, and improve profitability.
- F. Strengthen PQE process analysis and validation to reduce quality defects, and reinforce SQE in managing material sourcing.
- G. Establish a professional electromechanical maintenance team to support corporate growth, build a robust talent pipeline, and enable sustainable development.

These seven basic strategies, including the accurate tracking of the progress, the implementation of the plan, the continuous improvement of the operation, the maintenance of continuous profits, and the achievement of the annual revenue growth target.

2. Product development strategies

Based on our mid-to-long-term policies and market development strategies, we focus on "3H product promotion for IC Design-in and simultaneous R&D and marketing team to build up product advantages", and introduced high precision material testing and analysis and material preparation processing equipment to enrich the research and development of new materials. We use magnetic, electrical, mechanism and circuit application simulation software to establish systematic design technology, and use automatic production equipment combined with industrial control software to realize SPC statistical process quality management system, toward Industry 4.0 manufacturing technology. We will continue and accelerate "3H product research and development", innovative development of "key electronic components for high frequency, high power and high voltage applications" for precision, high efficiency, high quality and reliability inductors for communication, information, industrial control, IOT, medical equipment, automotive electronics and LTCC products.

(1) Medium- and long-term plans

- A. Continue to upgrade metal powder granulation for the alloy powder integral to molding and automated process technology to establish the completeness of the high-current power inductor product portfolio.
- B. Continue to develop signal common mode filter components and automated process technology for network communication.

- C. Improve customer demand response and accelerate the development of automotive electronic products.
 - D. Continue to develop products that meet automated production to improve production efficiency and ensure quality stability.
 - E. Select main products, concentrate resources, establish product features, and strengthen FAE market promotion.
 - F. Extend product value chain, enhance quality control across the board, and reduce cost to boost competitiveness.
 - G. Expand new material research laboratories and continue to develop research on inductance related materials.
 - H. Cooperate with domestic universities and continue to search for new fields and new directions.
 - I. Continue to develop the LTCC filter components for applications of Sub-1G, 5G NR, and UWB ultra-wideband, and promotes them to domestic and foreign consumer electronics, 5G mobile phones, network communications, or even automotive or satellite communication products manufacturers.
- (2) Short-term plans
- A. Open Alliance (1000Base-T1) common mode chokes for automotive ethernet applications.
 - B. Development of signal common mode filter components for in-vehicle Can-FD Class 2 standard network communication.
 - C. Metal alloy powders for power modules.
 - D. Vertical 150°C high temperature magnetic shielded power inductor with ferrite magnetic frame.
 - E. Metal alloy powder molding miniature power inductor.
 - F. Ultra Miniature RF Inductors.
 - G. Alloy powdered one-piece thin precision power inductor series.
 - H. The demand for filter components in router and cable data machines of domestic network communication manufacturers is replaced.
3. Production strategy
- (1) Medium- and long-term plans
- A. The medium-term development strategy is to focus on production automation, labor-saving front-end engineering, rationalization of indirect operating processes, cost reduction, quality improvement, short delivery time, customer satisfaction and stable production.
 - B. "Through long-term quality control, failure mode analysis, continuous quality improvement, and incorporating suppliers and outsourced processing factories into complete quality management", we are able to achieve customer satisfaction with quality and delivery service, while eliminating reoccurring quality complaints, and achieving L/T 4 weeks. For Key Account customers, the Company will deliver the goods within one week to ensure sustainable growth.
 - C. Establish a robust QC process for the automotive electronics production and build the foundation for the automotive electronics business.
 - D. Planning and research of miniature precision inductor die production process.
- (2) Short-term plans
- A. Establish re-integration of strategic production partners and technical support, quality control, and MES quality tracking management mechanism.
 - B. Continue to promote the automation of key projects, the introduction of AOI&AI automated inspection system, the rationalization of production processes, and the construction of assembly lines to improve the stability of quality and shorten the production process and delivery period.
 - C. Implement IATF16949 system operation, strengthen the development and implementation of Failure Mode (FMEA) and Statistical Process Control (SPC), to establish a stable process with quality and competitive advantage ensured.
 - D. Establish its independent front-end production operations with strict quality control (terminal plating, iron powder, key materials).

II. Analysis of the market as well as the production and marketing situation

(I) Market analysis

1. Regional sales of major products

Unit: NT\$'000

Sales region \ Year		2023		2024	
		Amount	%	Amount	%
Domestic sales (Taiwan)		93,675	4.70	93,133	5.00
Export sale	Germany	445,526	22.36	346,121	18.57
	USA	908,704	45.61	846,008	45.38
	Tunisia	28,964	1.45	23,534	1.26
	China	242,350	12.16	266,115	14.28
	Hong Kong	122,004	6.12	106,741	5.73
	Other	151,072	7.60	182,527	9.78
	Sub-total	1,898,620	95.30	1,771,046	95.00
Total		1,992,295	100.00	1,864,179	100.00

2. Market share

As for the production value of inductors and other passive components for electronic products in Taiwan, 2024 benefited from the gradual digestion of terminal inventory, which drove replenishment demand in consumer electronics applications. In addition, major brands launched AI smartphones, stimulating demand in mobile applications, leading to a steady recovery in capacity utilization among Taiwanese manufacturers. Coupled with the continued global expansion of the electric vehicle market, and the booming development of applications such as autonomous driving and advanced driver assistance systems (ADAS), demand for automotive electronics continued to grow. Meanwhile, the ramp-up in AI server shipments boosted demand for high-end inductors, helping optimize the product mix and support average product pricing.

Overall, with consumer electronics applications gradually recovering, and demand from automotive electronics and AI servers continuing to rise, Taiwan's inductor and passive component production value reached NTD 14.889 billion from January to November 2024, representing a 5.7% year-over-year increase — ending the two-year decline. However, it is worth noting that inventory controls by telecom operators in the U.S. and Europe, along with more conservative corporate capital expenditures, have negatively impacted demand for networking equipment. In addition, repeated price wars among major automakers have increased pricing pressure on inductors, resulting in only a mild industry rebound. Annual production value still falls short of 2022 levels.

Benefiting from continued growth in AI applications, stable demand from the automotive sector, and a recovery in networking applications, coupled with Taiwanese manufacturers' expansion into emerging application areas, Taiwan's inductor manufacturing industry is expected to see modest growth in the first half of 2025. However, the U.S. has launched a new round of tariffs, and end-device makers are facing supply chain relocation challenges, which may gradually increase pressure on component suppliers to absorb costs. Whether this will affect end-market demand remains a key issue to watch.

The Group's full-year 2024 revenue reached NTD 1.86 billion. The top three sectors accounted for approximately 80% of sales (industrial control: 41.61%, telecommunications: 20.05%, automotive: 19.21%). In 2025, the Group expects steady growth across new application areas such as the EV market, industrial control, high-speed network transmission, and the AI industry, aiming to increase the market share of coil products across various sectors.

3. Future market supply, demand, and growth

Despite the economic and financial structural differences of various countries, the global economic growth in 2024 will still be flexible. The global economic growth rate was 3.2%, which was flat compared to the previous year but lower than the average level before the pandemic. The key factors affecting the 2024 are the slowdown of inflation, the easing of labor market pressure, and the strong demand for AI related goods. The significant trade recovery in developed economies is especially significant. These economies are benefited from the improvement of supply chain and the increase in service demand. However, geopolitical risks such as the Russo-Ukrainian War, the intensification of the Middle East conflict, and the escalation of the US-China trade war continue to weaken the confidence in the economic optimism.

The global GDP growth outlook for 2025 is projected to be similar to that of 2024. Although the economic growth of the two major economies in the world, the US and China, is expected to slow down in 2025, the economic growth of almost all other regions is expected to improve.

The main factors driving global economic growth in 2025 include the trend of AI and continuous innovation in the energy sector. With the expansionary policy of major central banks, the consumption and investment momentum in advanced economies is expected to drive global economic growth steadily. However, the global economic outlook is still constrained by the policies of the new U.S. government. Although the U.S. economic performance has been better than expected in recent years, it is still a concern that the U.S. fiscal, trade and immigrants policies may undergo a significant change in the future. In a nutshell, it is still unclear whether Trump's promise of election will be transformed into policies in a significant extent and at what time. However, Trump's return to the U.S. White House will reshape the political and economic environment in the U.S. and the world. The market uncertainty will intensify and the future is not promising.

Overall, the global economy will be facing both opportunities and risks in 2025. The application of emerging technologies, such as AI, cloud computing and high-performance computing, will continue to promote economic development and bring innovative and growth potential. However, the geopolitical tensions and the expansion of trade protectionism may suppress global economic growth, and the development and impact thereof.

(1) AI opens up global business opportunities

Fueled by the advancement of generative AI technologies, demand for AI PCs, smartphones, and AI-powered robots is on the rise. According to IDC, global AI spending is projected to reach USD 227 billion in 2025 and exceed USD 19.9 trillion by 2030, reflecting enterprises' strong focus and investment in AI technologies.

The World Semiconductor Trade Statistics (WSTS) forecasts that under the momentum of AI applications, the global semiconductor market will grow by 11% in 2025 compared to 2024, reaching USD 697.1 billion. The AI industry is expected to generate sales in the hundreds of billions of dollars in 2025. As major tech companies continue to ramp up investment, the adoption and commercialization of AI technologies will accelerate further, exerting a significant and far-reaching impact on the global economy.

From the perspective of AI-powered smartphones, personal computers, and robotics, there remains substantial room for growth.

➤ AI Smartphones

According to analysts at MIC (Market Intelligence & Consulting Institute), high-end models will dominate the global AI smartphone market in 2025, with a projected penetration rate of 25% and global shipments reaching approximately 303 million units. By 2026, AI functions will expand into mid- and low-end models, and by 2028, the overall penetration rate is expected to exceed 60%.

➤ AI Personal Computers (AI PCs)

In the personal computer sector, Gartner forecasts that global shipments of AI PCs will reach 114 million units in 2025, representing a 165.5% growth from 2024 and accounting for 43% of total PC shipments.

➤ AI Robots

As AI robot components continue to advance, the market is seeing the emergence of humanoid robots, AI companion robots, and service robots. According to Verified Market Research, the global AI robot market size is projected to reach USD 4.42 billion in 2024 and grow to USD 25.77 billion by 2031. A report by Goldman Sachs forecasts that by 2035, the humanoid robot market will reach USD 38 billion, with an estimated shipment volume of around 1.4 million units.

(2) Global EV Market Booming: Sales to Exceed 16 Million Units by 2025

The electric vehicle (EV) market is growing rapidly, with global car manufacturers such as Daimler, Toyota, Volkswagen, Ford, General Motors, Hyundai, BMW, and Tesla actively advancing their EV transformation strategies. These companies have scheduled the release of 30 to 60 new EV models between 2025 and 2035. Tesla, in particular, aims to maintain a mid-to long-term compound annual growth rate (CAGR) of 50% in vehicle deliveries. EVs are expected to become the main growth driver for the global auto market and will accelerate the transformation and upgrading of the entire automotive industry. In parallel, infrastructure and components related to EVs are also expanding in scale alongside rising production volumes.

For example, Tesla's Model 3 surpassed the monthly mid-size car sales of Audi, BMW, and Mercedes-Benz in Germany, with 6,800 units sold compared to the combined total of 6,100 units from those three premium German brands. The EV sector has demonstrated a strong upward trajectory. Tesla's rapid market expansion has ignited traditional automakers' determination to pivot toward electrification.

With the Model 3's continued popularity, global EV production is projected to surge from 2 million units to over 15 million by 2025—a more than sixfold increase—marking the beginning of a new era of exponential growth in the EV industry. This surge presents a once-in-a-century opportunity across the supply chain.

Over the next five years, new energy vehicles (NEVs) are expected to experience a 40% sales increase, with 2025 sales forecasted to exceed 16 million units. This trend is set to benefit the entire global EV supply chain.

Under increasing regulatory pressure to reduce carbon emissions, many countries are simultaneously restricting internal combustion engine (ICE) vehicles and offering subsidies for NEVs, accelerating the development of electric mobility. More than 20 countries have announced plans to phase out fossil fuel vehicle sales between 2025 and 2050. Europe is leading the charge—the EU has unveiled an ambitious climate plan that includes banning the sale of new gasoline, diesel, and hybrid vehicles starting in 2035. As the EU sets the pace, countries around the world are following suit, paving the way for electric vehicles to dominate the future of mobility.

(3) WiFi 7 Penetration Rate Projected to Reach 20% in 2025

The network communications industry experienced a downturn in 2024. However, with inventory levels returning to normal and the gradual rollout of WiFi 7 products, the industry is expected to rebound. Industry experts anticipate that the global penetration rate of WiFi 7 will surge from 5% in 2024 to 10–20% by 2025.

The Wi-Fi Alliance officially launched the certification program for WiFi 7 products in 2024. With the global rollout of the 6GHz frequency band, the adoption of WiFi 7 products is expected to accelerate. In terms of application, the initial wave will focus on smartphones and PCs, followed by expansion into extended reality (XR), gaming, and smart home devices. Industrial, medical, and automotive applications—due to longer certification timelines—will be key areas for medium- to long-term development.

According to market research firm MarketDigits, the global WiFi 7 market is projected to grow at a compound annual growth rate (CAGR) of 53.6%, with market penetration of related technologies expected to exceed 50% between the second half of 2026 and 2027.

From a technical standpoint, WiFi 7 supports ultra-wide 320MHz bandwidth and Multi-Link Operation (MLO), enabling simultaneous multi-band data transmission. It offers speeds of up to 46 Gbps and latency as low as 1 millisecond, positioning it as a critical wireless communication standard for the next decade.

(4) Industrial control and the future outlook of the sensor market

With the development of industrial automation, digital transformation and smart manufacturing technology, the industrial control system (ICS) and the sensor market will maintain a steady growth in the next three years. Asia Pacific region is expected to grow most quickly, while Europe and North America are expected to develop towards a green and digital direction due to the promotion of ESG regulations. It is expected that the compound annual growth rate (CAGR) of the Asia Pacific market will reach 9.83% between 2025 and 2030. The IIoT technology will promote the upgrade of the industrial control system, and drive market demand. The combination of IT and OT will further improve the data security and management efficiency.

The global market scale of the sensor market in 2021 is about USD 10.11 billion, and the market scale is expected to reach USD 13.96 billion in 2027, with a CAGR of 4.86%. The main demand for the equipment is from industrial equipment, automotive electronics, and renewable energy systems.

Asia Pacific is the region with the fastest growth of the industrial control system market, and it is expected that the growth will be significant in the next 3 years. China and South Korea are actively promoting the development of smart factories, such as South Korea's plan to build 2,000 AI smart factories by 2030. The popularization of the Internet of Things (IoT) has driven up the demand for automation and data monitoring in the manufacturing industry.

The US has matured in the development of industrial automation, and enterprises accelerate the integration of AI and IoT technology. Changes in trade policies may affect the deployment of the supply chain, such as the increase in external trade barriers in the US, which may force enterprises to strengthen the management of the local supply chain. AI is applied to industrial control, to improve production efficiency and forecast maintenance ability.

The European market is affected by ESG regulations, and the industrial control field emphasizes energy efficiency and carbon reduction technology. Enterprises actively adopt smart manufacturing and Digital Twin technology to improve production flexibility and reduce operating costs. German and Japanese companies maintain leadership in the technology of CNC and industrial robots.

In terms of drones, drone applications in Taiwan are mostly for aerial photography, accounting for more than 80%. The main services include landscape photography, event photography, advertising photography, and film shooting. The primary models used are consumer drones weighing under 25 kg. The second major application area is public administration (including surveying, inspection, logistics, monitoring, firefighting, and disaster assessment). To promote the development of the drone industry in Taiwan, the government has announced logistics transportation and bridge inspection as the two key areas of drone application in transportation. This includes establishing a drone-based supply mechanism for remote and outlying areas and expanding the use of drones to assist in bridge inspection operations, which will become a milestone for innovative drone applications in 2025.

Globally, the scope of drone applications continues to expand and has become a priority development area for governments. Among them, Europe is growing rapidly and is expected to soon become the world's second-largest drone market. In terms of applications, "logistics drones" offer efficient logistics solutions for remote areas, featuring high-efficiency motors and modular payload designs that ensure long-term stable operation and improve logistics service efficiency. In the software systems domain, the diverse applications of the "AI drone fleet system" have been showcased, ranging from smart traffic bridge inspections, improving fishing efficiency in distant-water fisheries, to smart warehouse indoor inspections. For example, distant-water fisheries previously relied on helicopters and seabird radars to search for fishing grounds, but helicopters are costly. Using drone patrols, combined with automated generation of smart waypoints and real-time image transmission, not only reduces costs but also improves fishing operation efficiency by three times.

With the advancement of AI big data, 5G, sensors, and AI technologies, and with drones becoming more autonomous, functional, and user-friendly — coupled with the catalyst of the net-zero carbon emissions trend — more convenient applications are expected to develop, enhancing future drone market demand and application opportunities.

In terms of digital transformation, the application of AI, IoT, and big data analytics will further enhance automation in production and improve decision-making efficiency. In terms of supply chain strengthening, companies will optimize supply chain management in response to global geopolitical changes and trade policy adjustments. In green manufacturing, companies will continue to develop energy-saving technologies and comply with ESG standards to enhance market competitiveness.

Over the next three years, the industrial control and inductor markets are expected to maintain steady growth. The Asia-Pacific market is growing the fastest, the North American market is accelerating digital transformation, and the European market is being driven by ESG regulations. Enterprises should closely monitor technological innovation and market changes to maintain a competitive edge.

4. Competitive niche

As the world's leading manufacturer of inductors, ABC Taiwan upholds the spirit of "Service Innovation and Pursuit for Excellence" to keep abreast of the market trend of inductance components, and uses the systematic, standardized and institutionalized operation system to improve the manufacture quality of inductance components, research and develop technology, and deep cultivation of the global market.

We continue to develop quality power induction coil components to meet the application needs of customers in different fields, while enhancing customer satisfaction and the competitiveness of the Company's products, in order to gain a firm foothold in the global inductor manufacturing industry and march toward the goal of becoming a world-class professional

inductor manufacturer.

The Company continues to carry out quality improvement, product innovation and R&D, energy saving and carbon reduction, digital marketing, green energy and environmental protection, and ESG and CSR sustainability to expand our business and achieve the long-term business goal of NT\$10 billion within ten years.

About 80% of the sales of the Group in 2024 (including 41.61% for industrial control, 20.05% for telecommunications, and 19.21% for automotive) came from the following main competitive niches. The continuous growth of global orders for new energy vehicles and automotive electronics as well as the AI server application products and digital marketing strategies have boosted the demand for the applications in the fields of industry, servers and network communication equipment, and these have increased the Company's exposure in the global industry.

In addition, in view of the continuous expansion of the global market of electric vehicles and automotive electronics (ADAS, GPS, lights, electronic controls, automotive lenses, displays, battery modules, etc.), we shall develop one-piece high-power inductors and filters and expand the production capacity depending on the market demand to meet the needs of customers and improve the Company's competitiveness.

(1) Product, R&D technology and automotive electronics market development

Continue to deepen cooperation with IC design companies in Europe and the US, and enhance market competitiveness and outperform the industry peers through joint development of products. In addition, the Company has also expanded its revenue by introducing the design and process technology of LTCC electronic components modules, and starting mass production and shipping in 2024. In addition, the Company is actively expanding the Asian market, including Japan, China, and Taiwan, and focusing on the automotive electronics field, promoting products such as integrated power inductors, co-configuration wiring harnesses, and transformers, in order to expand market influence and promote business growth.

(2) Re-adjustment of marketing strategy for proprietary brands

- A. Regularly hold strategic cooperation meetings with agents to update (new) product specifications, send samples, and cooperate with customer needs to produce specific sample boxes and recommended product lists (presentations).
 - B. Arrangement of QBR meetings with customers to deepen customer relationship, and face-to-face communication by senior management to arrange meals.
 - C. Establish sales channels for electric products in the China market, increase the opportunities of reaching new customers, and enhance the visibility of the brand.
- (3) Add digital marketing as a new marketing direction—Digital marketing is not just a new way of marketing in the post-pandemic era, but a new way of enhancing brand exposure.
- A. Regularly issue product e-mail to customers to update product information and company information, and contact customers.
 - B. When new products are launched, marketing literature is prepared to achieve the product promotion objective and accelerate the cost input and cash collection capability.
 - C. Continue to optimize the product content on the Company's website and increase the number of people connected to the website through social networks to enhance the corporate image.

5. Favorable and unfavorable factors for development prospects and countermeasures

(1) Favorable factors:

A. Focusing on key material technologies and a full range of product deployments

The Company has established a metal powder surface treatment facility in Building B of the Yangmei Plant 2 to enhance production capacity. At the same time, we are actively advancing material process technologies, such as reducing magnetic loss and improving voltage resistance. Building C has also officially commenced operations to meet product market demand and expand production scale. In addition, the Company focuses on building smart technology factories to effectively reduce production costs. In terms of product layout, Buildings A and C focus on the production and development of high-current power inductors and EMI filters, while the Malaysia plant is responsible for manufacturing high-frequency chip inductors. These products cater to market needs in

5G, IoT wireless communications, and automotive applications, showing strong development potential and aligning with future industry trends.

B. The rapid development of technology and technique are increasing the demand for product inductance

In recent years, with the booming development of emerging technologies, the electronic components industry has been experiencing a wave of rapid market growth. The demand for 5G smartphones and high-performance computing continues to climb, while the rise of WiFi 7, AI, Internet of Vehicles, and electric vehicles further drives expansion in the inductor market. Major passive component manufacturers are actively developing innovative products to meet the ever-growing market demand. Leveraging its solid foundation in material technologies, extensive product portfolio, and superior quality, the Company is well-positioned to respond flexibly to customer needs in this rapidly evolving tech landscape. In this passive component market with immense growth potential, the Company has successfully secured its position and continues to expand its competitive edge.

C. Internationalization of production layout and capacity deployment in response to the international political situation

The Company has established production bases in Taiwan (Plant 1 and Plant 2), Guangzhou, and Malaysia, and has also set up an R&D center staffed with a professional research and development team. The Company has obtained IATF 16949 certification for automotive production quality and has implemented a production system that complies with AECQ-200 automotive electronics reliability testing standards. In light of the uncertainties posed by the U.S.-China trade conflict and the Taiwan Strait situation, some customers view production bases in China and Taiwan as potential risks. To address these challenges, the Company has enhanced inter-factory support mechanisms to strengthen supply chain resilience. Additionally, the Company has launched a MIM production transfer plan, shifting specific products to its Malaysia facility. This move aims to respond to changes in international geopolitics and the tariff policies of the U.S. administration, while also reinforcing the Company's resources and competitiveness within Southeast Asia's electronics supply chain.

(2) Unfavorable factors

A. Slowdown of GDP growth in major economies

The global economy is stable in the short term, but remains uncertain. The US economy is expected to slow down slightly in 2025. However, with the support of the government and the promotion of productivity by the AI, the US economy will maintain steady growth. Europe's economic momentum is improved compared to that in 2024, but the overall is still weak. The decline in inflation and interest rates helps stimulate private spending, but the weak export and sluggish investment growth partially offset their positive impact. China's economic growth may be limited by U.S. tariff measures and uncertainties surrounding the effectiveness of domestic stimulus policies. Emerging markets are expected to benefit from a rebound in global trade and commodity demand, though challenges remain from a strong U.S. dollar and elevated debt servicing costs.

◆ Measures to be taken in response:

The Company continues to enhance its R&D capabilities for new products, with a focus on developing high-end offerings, improving customization capabilities, and strengthening product responsiveness to market demands. By optimizing the product portfolio, the Company increases the sales channels for high-margin products, makes up for the lack of product lines, and increases the revenue from new product lines.

B. Tariff measures in the U.S.

First, the second term of the US President, Trump, has taken office and signed several administrative orders to re-define the "US First" policy. The first day of the summit covered trade, immigrants, energy, and multilateralism. This showed the policy direction of the participants, but also exposed inconsistency and challenges in the implementation process. Overall, the implementation and strength of the subsequent tariff policies may lead to trade disputes and the countermeasures of other countries, intensifying the global protectionism, increasing the supply chain adjustment cost pressure and accelerating the economic fragmentation.

◆ Measures to be taken in response:

- (a) Enhance automated production processes to reduce labor requirements and lower costs.
- (b) Strengthen expertise in key material technologies, increase in-house production of materials, and shorten product development cycles to seize market opportunities.
- (c) Deepen sales to existing customers while actively exploring new markets and penetrating niche segments to mitigate the impact of low-price competition.
- (d) Collaborate with customers on project development, respond promptly, and deliver specification-compliant services to meet technical needs during the development phase.
- (e) Actively expand into niche markets by leveraging the Company's R&D strengths to pursue opportunities in highly customized, high-margin, and low-volume specialty products.
- (f) Accelerate the execution of the MIM production transfer plan to mitigate geopolitical risks.

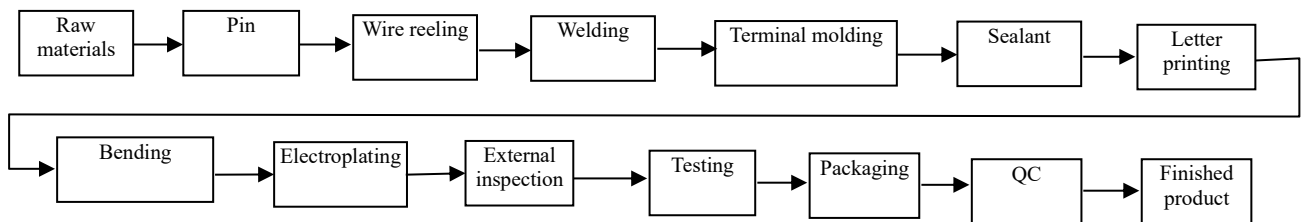
(II) Important uses and production processes of the main products

1. Important uses of the products

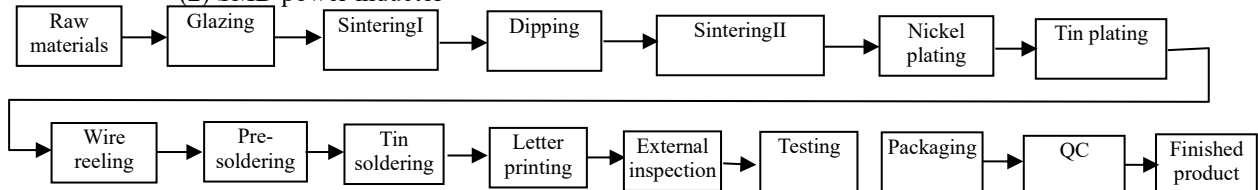
Product	Function	Use
SMD chip inductor	Small signal choke High-frequency filter Signal coupling	Communication products: ADSL, STB, Cable Modem, GPS, mobile phone, VDSL, Power Line, WLAN IEEE802.11 Information products: HDD, DSC, PVR, DV Consumer products: VCR, DVD, MP3, HDTV
SMD power inductor	Power choke circuit	Portable device: NB-PC, PDA, GPS, DSC, MP3, DVD Power module: DC-DC, DC-AC
SMD filter components	Common mode choke EMI filter module	Telephone, LAN, ISDN, ADSL, PC, CD-ROM, instrument, power supply, TV, RADIO, GAME
SMD transformer	Low power voltage conversion Signal coupling Impedance matching	GPS, PDA, DSC, DVD, MP3, TFT, IEEE1394, USB2.0, CATV
General conventional inductors	Choke and filter	TV, Radio, PHONE FILTER, telephone
MPC ceramic heat sink	Heat dissipation and EMI prevention	Telephone, LAN, ADSL, NB-PC, STB, power supply, LED TV
Precision metal parts	IC lead frame Waterproof connector Lithium-iron battery top cover set	IC packaging Industrial computer, outdoor solar energy For automobiles and motorcycles

2. Production process

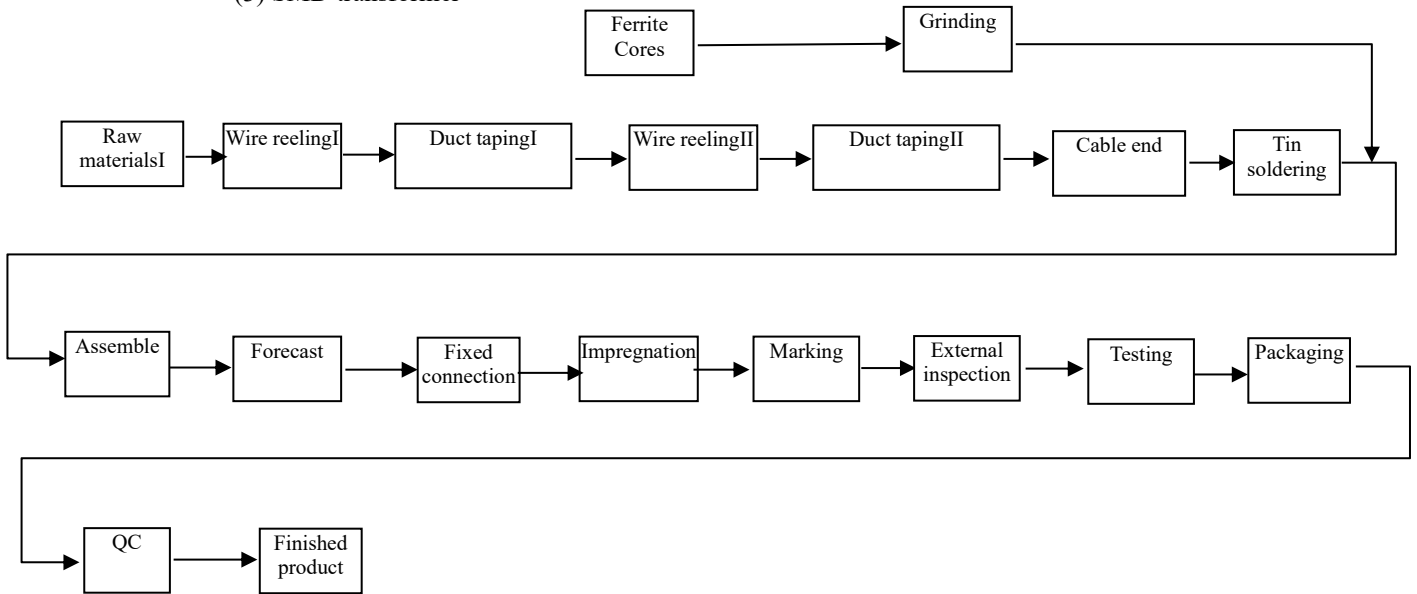
(1) SMD chip inductor (CM)



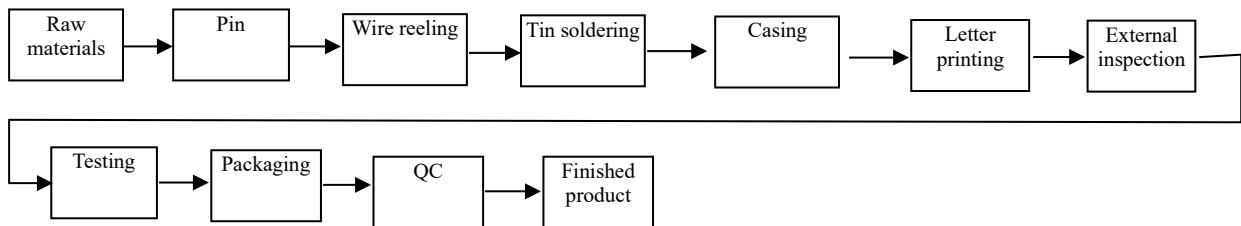
(2) SMD power inductor



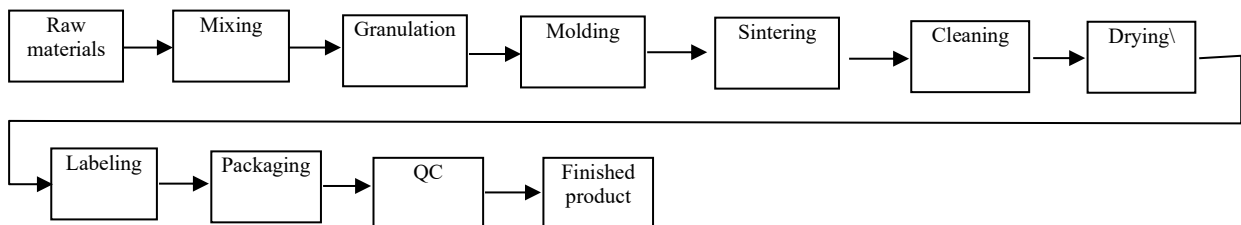
(3) SMD transformer



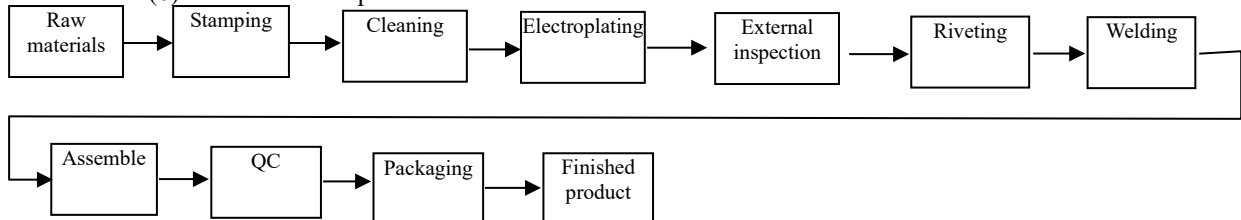
(4) General conventional inductors



(5) MPC ceramic heat sink



(6) Precision metal parts



(III) Supply of main raw materials

Major raw materials		
Name	Main source of supply	Supply condition
Ferrite Cores	AOBA TECHNOLOGY	Good
Enameled Wire	Elektrisola	Good
Precision metal	Promosts	Good

(IV) Names of major customers, and the amounts and proportions of purchases in the last 2 years

1. Major customers purchases in the last 2 years

Unit: NTD thousand

Items \ Year	2023				2024			
	Name	Amount	Percentage to the annual net sales	Relationship with the issuer	Name	Amount	Percentage to the annual net sales	Relationship with the issuer
1	Customer A	870,460	43.69%	Related party	Customer A	798,830	42.85%	Related party
2	Customer B	591,693	29.70%	Non-related party	Customer B	562,291	30.16%	Non-related party
	Other	530,142	26.61%	-	Other	503,058	26.99%	-
	Net sales	1,992,295	100%	-	Net sales	1,864,179	100%	-

Note: The increase and decrease is mainly due to the decline in order caused by the slowdown in the end-use demand in 2024.

2. Information on major suppliers for the most recent 2 years: In the past two years, the Company did not purchase more than 10% of the total procurement amount in the most recent two years.

III. Employees

Year		2023	2024	Up to April 8, 2025
Number of employees	Managerial level and above	40	36	35
	Section (deputy) leader or above	116	103	101
	General staff	758	640	648
	Total	914	779	784
Average age		34.5	36.3	36.4
Average years of service		6.3	7.6	7.6
Education distribution ratio	Doctoral degree	0.22%	0.26%	0.26%
	Master's degree	2.19%	3.08%	3.32%
	University (college)	29.65%	35.05%	34.18%
	Senior high school	27.46%	31.19%	31.63%
	Below senior high school	40.48%	30.42%	30.61%

IV. Disbursements for environmental protection

In the most recent year and up to the publication date of this annual report, the Company has not suffered any loss or penalty due to environmental pollution.

V. Labor relations

- (I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee benefits

As an evergreen company with more than 40 years of history, allowing employees to have a balanced work and lifestyle is the best approach to increase the loyalty of employees. Aside from providing numerous insurance benefits and pension allocation, for over 20 years, the Company also offers group insurance, employee training, scholarships for children of employees, childbirth allowance which are better than what the law prescribes while organizing a variety of activities to boost employee morale at work.

[Employee benefit results]

Items	Results
Welfare Committee Allowances	We give vouchers (cash) for major festivals and birthday gifts. Subsidies are provided according to different items such as weddings and funerals, training, hospitalization, injuries, childbirth subsidy, and scholarships. In 2024, a total subsidy of NT\$697,100 was provided.
Group Insurance	The Company fully pays for and plans comprehensive employee group insurances including medical insurance, occupational accident insurance, accident insurance, critical illness insurance, and cancer insurance.
On-the-job Training	To enhance employee quality and strengthen the Company's organizational capacity, we encourage employees to pursue further education and professional development. In accordance with the "On-the-Job Education Management Regulations," the Company provides subsidies each academic year for employees undertaking continuing education at colleges and universities. Additionally, based on the "Education and Training Management Regulations," subsidies are offered to employees for professional training and skill enhancement. In 2024, a total subsidy of NT\$336,286 was provided.
Employees' Health	A regular health examination and a health examination for special workplaces are received by our employees each year, providing them with a self-health management program. The health examination rate received by our employees in Taiwan in 2024 was 100%. (Excluding pregnant women and employees on parental leave) Because we care about the health of our colleagues - seminars with health topics are arranged and drinking water checked regularly. To prevent employee obesity and metabolic syndrome (including hypertension, hyperglycemia, and hyperlipidemia), the Company organized two related health promotion activities in 2024. From April to May, a two-month "Employee Voluntary Blood Pressure Monitoring" campaign was held, during which three blood pressure monitors were placed in public areas to encourage employees to regularly measure and track their blood pressure. Employees who participated in the activity were rewarded to promote continued engagement. On September 12, 2024, a health seminar titled "Eat Right – Take Control of Your Blood Pressure" was held. In response to the growing trend of eating out, which often involves meals high in salt and sugar—leading to increased risk of obesity and chronic diseases—the seminar focused on educating employees about identifying whole foods, reducing intake of processed foods, and making healthier dietary choices.
Female Care	We adjust night shifts for female employees during their pregnancy and apply for exclusive parking spaces for pregnant women. Pregnancy care measures and lactation rooms are provided at our Taiwan Factory with nursing staff stationed.

2. Education and training

Employees are the foundation of a company's longevity, and the most important source for a company's continuous growth and to stay competitive. At ABC, we proactively cultivate its core employees through a diversified cultivation mechanism in order to continuously improve the quality of human resources and their work capabilities. We reach our business goals by inspiring our employees to be passionate about work and take on challenges while planning for future development.

Our human resource development strategy is formulated based on the Company's vision, management concept, and annual goals. We build development plans and learning channels for employees using 4 aspects: selection, utilization, education, and retention so that employees are allowed to have space for self-development and growth. Training courses for employee cultivation are planned by the HR Department and various department supervisors according to the development focus of each department.

- (1) Employee Selection: A "Behavior Profile" evaluation is carried out using the "Occupational Personality Trait Analysis," and suitable candidates are then shaped through the requirements and application of the "Behavior Profile." We also find the right people to join the Company through internal and external channels.
- (2) Employee Utilization: We place employees in the right position based on the needs of the organization and personal development while using the functional model

as the basis for the utilization of employees and adopting the “key work plans” management.

- (3) Employee Education: In an effort to enhance the improvement of work capabilities and implement a lifelong learning vision for all employees, we set a clear development focus on the core organizational capabilities of each department and key process tasks of each position, as well as the required capabilities. We transform these capabilities into training courses for general knowledge functions, professional functions, and management functions. Allowing employees to take part in internal and external training courses.
- (4) Employee Retention: We promote the “Senior Employee Mentorship System” - New employees are assisted by experienced “Employee Mentors” to quickly get a grasp of the company system and work culture. By doing such, not only the personalization of training and career development recommendations are strengthened, the retention rate of employees is also further enhanced.

In recent years, the HR Department has been strengthening employees’ work capabilities in accordance with the plans of the Company’s development strategies. The Company encourages the concept of “participation of all employees” in terms of employee cultivation and training resource allocation, regardless of gender and age. Through participating in different types of learning activities, employees can integrate work practices and apply their strong learning to improve quality and efficiency.

3. Pension System

The Company has established retirement management measures in accordance with the pension provisions of the Labor Standards Act and the Labor Pension Act. Since July 1, 2005, for new employees and existing employees who opt for the new pension system, the Company contributes 6% of employees’ monthly salaries into their pension account of the Bureau of Labor Insurance. At the same time, the Company continues to retain the seniority of the existing employees who opt for the old pension measures and existing employees who adopted the old system but have switched to the new pension measures. The allocation of retirement reserve funds is calculated according to the payment standards of the “Regulations for the Retirement Management” which are deposited into a personal account at Bank of Taiwan. Also, the Company shall assess the balance in the labor retirement reserve fund account by the end of every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make up for the difference by the end of next March.

4. Agreement between employers and employees

In an effort to promote the notion of looking after employees and enhancing the maintenance of the Company's sound labor relations, ABC has established the “Labor-Management Meetings” as required by the law. A labor representative is elected by employees publicly and both labor and management representatives hold regular labor-management meetings for discussion, which provides diverse communication channels for employees while promoting the Company's policies, systems, welfare measures, and a variety of activities. Resolutions made at the labor-management meeting will be handled accordingly by the Company, allowing employees to fully express their opinions and be responded to in order to make improvements in due course.

Communication Channels:

- (1) Intranet platform (HR Portal/opinions and proposals)
- (2) Internal bulletin board (HR Portal/Bulletin board)
- (3) Internal publications (ABC Communications)
- (4) Communication meetings (department meetings, manager meetings, communication meetings, labor-management meetings)
- (5) Complaint channels (employee complaint mailbox/ hotline/ sexual harassment complaint mailbox/ hotline)
- (6) Employee satisfaction survey (employee awareness survey)
- (7) Interviews with employees

5. Protection of employees' rights

(1) Human rights

As a citizen enterprise in the electronics industry, we are committed to fulfilling corporate social responsibility and protecting the basic human rights of all employees. We support and respect internationally recognized human rights policies including principles disclosed in international human rights treaties such as: “UN Guiding Principles on Business and Human

Rights," the "UN Global Compact," "Responsible Business Alliance" and "UN International Labor Organization." We do not tolerate any conduct of infringement and violation of human rights. All of our employees are treated with justice, fairness, and respect.

Policies of ABC Taiwan Electronics Corp. apply to the Company, subsidiaries, and all operating locations. Related laws and regulations regarding labor and gender equality are obeyed where operating locations are. Human rights protection, labor policies, and implementation measures have also been formulated by the Company.

(2) Sexual harassment prevention

Additionally, we also provide a safe working environment for our employees. We have set up a sexual harassment and complaint hotline and mailbox and formulated applicable management measures. As of now, there have been no occurrences of related complaints.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

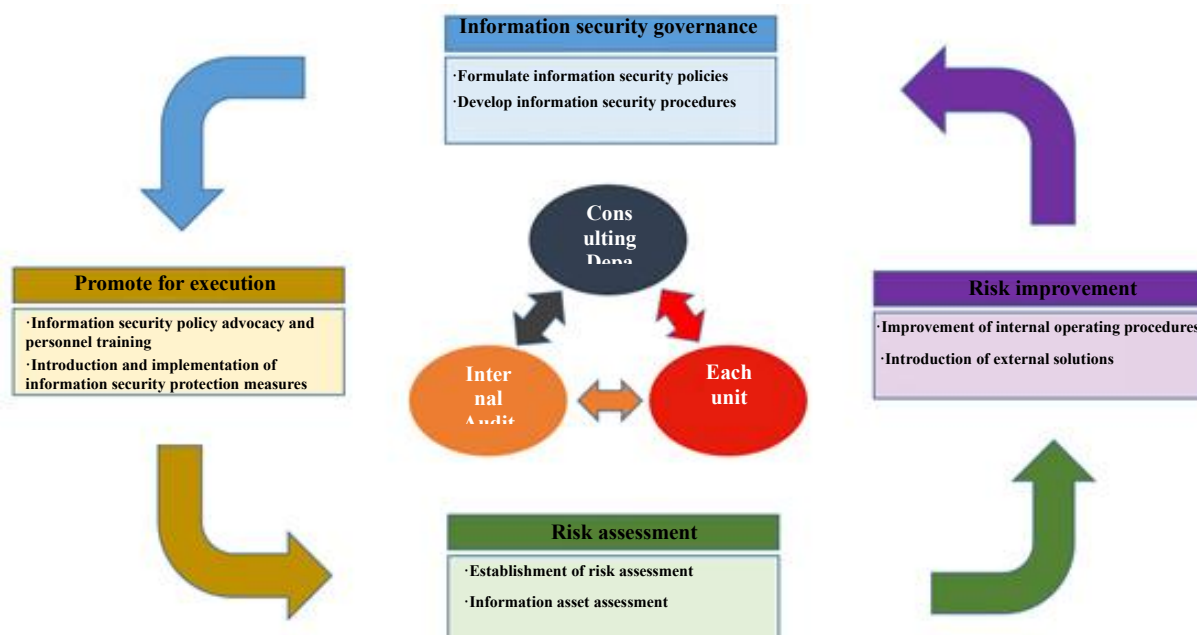
The relationship between the Company and its employees is harmonious, and no losses have been experienced due to any labor disputes.

VI. Cyber security management

(I) Cyber security safety management strategy and framework:

1. Cyber security risk management framework

ABC established the "Information Security Organization" in 2022, under the Information Security Division and the Information Protection Division, responsible for coordinating the formulation, execution, risk management, and compliance review of information security and protection related policies. The effectiveness of information security management and information security-related issues are reported to the Chairman's Office by the top executive of the Information Security Organization every 6 months. The Information Security Management Measures for the implementation of information security ensure the internal compliance of information security related standards, procedures. The top executive of the audit office of ABC is an observer who reviews and determines on information security and information protection policies and procedures, and implements the effectiveness of information security management measures.



2. Cyber security policy

The Company has established the Information Security Management Measures in order to achieve the goal of information security. The Company conducts self-assessment at least once a year to reflect the Company's current status and the latest development of information technology and business, and to ensure the effectiveness of information security practices. In order to implement the information security management, the Company's information security

management is announced in writing or electronically to the employees for compliance.

Corporate information security management strategy

To effectively implement information security management, the Information Security Organization uses an "information promotion team" covering both the Taiwan factories and overseas subsidiaries to hold regular meetings to review information security management based on the management cycle mechanism of PDCA (Plan-Do-Check-Act). By doing so, the applicability of information security management measures and protection measures are reviewed with the implementation results reported to the Information Protection Committee on a regular basis.

(1) Planning phase

We emphasize information security risk management, establish a complete information security management system, and promote the introduction of the international information security management system certification (ISO/IEC 27001) in each factory from the system, technical, and procedural aspects. We also establish confidential information protection services that meet customer needs and the highest standards.

(2) Implementation phase

In addition, we have built multi-layered information security protection, and continue to introduce innovative information security defense technologies, and integrate information security control into software and hardware maintenance, supplier information security management, and other daily operating procedures to systematically monitor information security, and maintain the confidentiality, integrity, and availability of important assets of ABC.

(3) Audit phase

We take a proactive approach to monitor the effectiveness of information security management, and make amendments based on annual audit results to improve ABC's information security system and improve compliance with information security regulations.

(4) Action phase

In the meantime, employees are subject to review and continuous improvement through supervision and audits to ensure that information security regulations remain effective. When employees violate the regulations or procedures, they will be handled in accordance with the procedures for handling information security violations, and will be subject to disciplinary action (including the employee's annual performance evaluation or legal action if necessary). We review and implement improvement actions including information security measures, education, training and promotion to prevent from leaking important and confidential information of the Company.

3. Specific management plans

(1) Network security

- A. We have introduced DarkTrace system to detect all internal traffics of the Company, and will automatically learn and determine the abnormal traffic.
- B. Strengthen the network firewall and network control to prevent the spread of computer viruses across machines and factories. The HA mechanism for firewalls is also adopted to ensure the security of firewalls.

(2) Device security

- A. Implement anti-virus measures based on the type of computer, and strengthen the detection of malware.
- B. At ABC, we strictly prohibit the procurement of software and hardware from China to ensure information security.

(3) Application security

- A. Continue to strengthen the application security control mechanism, and strictly prohibit illegal software and unauthorized software.
- B. Formulate the program development and modification log to ensure that the application developed by ABC is safe to use.

(4) Supply chain information security

- A. When signing an outsourcing contract, the security and information importance of the outsourced operation should be considered, and relevant security and confidentiality clauses should be stated in the contract. Where necessary, the Company may consider signing a Non-Disclosure Agreement (NDA) with the employees of the outsourced vendor to enhance the protection of the contract.
- B. Regularly convey the latest information security regulations and precautions of ABC.

(5) Enhancement of information security protection technologies

- A. SAM mechanism introduced in mail.
- B. Confidential document authority control.

(6) Education, training and advocacy

- A. A major information security incident (such as the latest virus) occurring inside or outside the Company should be announced to the employees after the approval of the chief information officer to raise security awareness among employees.
- B. The HR director shall arrange and provide regular information security training to raise the awareness of information security among all employees.
- C. The HR director should explicitly stipulate the disciplinary measures for violations of employees of information and communication security in order to strengthen their sense of accountability for information security.
- D. The Company is advised to incorporate information security requirements into general employee manuals and enhances training for IT personnel to enhance information security management capabilities.
- E. We add current affairs and information security promotion by mail to enhance the knowledge of information security from time to time.



4. Resources invested in cyber security management

Firewall service policy control, VPN account control, SPAM filtering system, mail MSE backup system.

(II) Cyber security risks and measures being or to be taken:

At ABC, we have established a set of comprehensive network and computer security protection systems to control and maintain the Company's manufacturing and accounting operations as well as other important functions for the Company to operate. However, we cannot guarantee that our computer systems are completely immune to network attacks from any third-party paralyzed systems.

These cyber attacks can illegally intrude into the Company's internal network system and damage the Company's operations and reputation. In the event of a serious cyber attack, the Company's

systems may lose important company data and the production lines may even shut down due to unsolved issues from the attack.

The Company reviews and evaluates the security rules and procedures of its network safety in order to ensure its appropriateness and effectiveness. However, we cannot guarantee that the Company is immune to risks and attacks from rapidly changing cyber security threats.

Cyber attacks may also attempt to steal the Company's business secrets, other intellectual property and confidential information; for example, proprietary information of customers or other stakeholders as well as personal information of employees.

Malicious hackers are able to incorporate computer viruses, destructive software or ransomware into the Company's network system. In this way, they can interfere with company operations and regain control of the computer system in an attempt to blackmail the Company or spy on confidential information.

These attacks may result in the Company suffering from losses through paying compensation to customers due to delayed or disrupted orders or the Company may require to pay a large sum to implement remedial and improvement measures to strengthen the Company's network security systems. Furthermore, these attacks may result in the Company being exposed to legal liability or regulatory investigations arising from leaks of information of customers or third parties to whom the Company has confidentiality obligations.

Our employees have installed malware by accidentally clicking on malicious link, the same may occur in the future.

In order to prevent and reduce the damage caused by such cyber attacks, ABC has implemented relevant improvement measures which are regularly updated. We also strengthen network firewalls and network control to prevent the spread of computer viruses across machines and factories. Depending on the type of computer, advanced solutions are introduced to detect and handle malware; design and develop security-enhanced PCs for employees to use; design and develop cloud-based application security policies; introduce new technologies to enhance data protection; enhance detection of phishing emails; create a We continue to strengthen information security management by implementing employee alertness tests and commissioning external experts to perform information security assessments.

(III) Major cyber security incident: The Company did not suffer any losses due to major cyber security incidents.

(IV) List any losses suffered by the company in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

VII. Important contracts

Nature of contract	Party	Start and end dates of contract	Main content	Restrictions and clauses
Bank loan contract	Hua Nan Commercial Bank	2017.07.27~2037.07.27	Secured loans	None
Bank loan contract	Hua Nan Commercial Bank	2017.08.17~2024.08.17	Secured loans	None
Bank loan contract	Hua Nan Commercial Bank	2017.10.31~2024.10.31	Credit loans	None
Bank loan contract	CTBC Bank	2023.05.05~2025.05.05	Credit loans	None
Bank loan contract	First Commercial Bank	2023.08.15~2028.08.15	Credit loans	None

Five. Review and analysis of financial status and financial performance and risk

I. Financial position

Unit: NTD thousand

Items	Year	2023	2024	Deviation	
				Amount	%
Current assets		1,393,814	1,371,451	(22,363)	(1.60)
Non-current assets		1,750,555	1,735,368	(15,187)	(0.87)
Total assets		3,144,369	3,106,819	(37,550)	(1.19)
Current liabilities		882,797	843,175	(39,622)	(4.49)
Non-current liabilities		766,921	718,829	(48,092)	(6.27)
Total liabilities		1,649,718	1,562,004	(87,714)	(5.32)
Share capital		1,050,006	1,050,006	0	0.00
Additional paid-in capital		181,063	181,063	0	0.00
Retained earnings		415,727	399,983	(15,744)	(3.79)
Other equity		-152,145	-86,237	65,908	(43.32)
Non-controlling equity		0	0	0	
Total equity		1,494,651	1,544,815	50,164	3.36
Explanation of increase/decrease ratio: Not applicable					

II. Financial performance

(I) Main reasons for the material changes in the operating revenue, operating net profit and net profit before tax in the last two years

Unit: NTD thousand

Items	Year	2023	2024	Increase (decrease) amount	Change (%)
Net operating income		1,992,295	1,864,179	(128,116)	(6.43)
Operating cost		1,542,664	1,454,267	(88,397)	(5.73)
Gross profit		449,631	409,912	(39,719)	(8.83)
Operating expenses		414,288	430,484	16,196	3.91
Operating profit		35,343	-20,572	(55,915)	(158.21)
Non-operating income and expenses		18,111	37,208	19,097	105.44
Income before tax		53,454	16,636	(36,818)	(68.88)
Income tax expenses		16,098	-12,190	(28,288)	(175.72)
Net profit		37,356	4,446	(32,910)	(88.10)
Increase/decrease analysis:					
1. Operating Profit: The decrease in operating profit in 2024 was primarily due to a decline in revenue, which resulted in reduced profitability.					

2. Non-operating Income and Expenses: The increase was mainly due to foreign exchange gains, as most of the Company's book assets are held in U.S. dollars and the USD appreciated significantly this year. In addition, the gain on disposal of property from a subsidiary also contributed to the increase.

- (II) Expected Sales Volume and Basis: Please refer to p.1 "Letter to Shareholders."
 (III) Potential Impact on Future Financial and Business Performance and Response Plan: There is no significant impact on the Company's financial performance; therefore, no response plan has been formulated.

III. Cash flow

Unit: NTD thousand

Cash balance, beginning of period	Full-year net cash flows from operating activities	Full-year cash outflow	Cash surplus (shortfall) amount	Remedies for cash shortfalls	
				Investment plan	Financial plan
787,355	162,376	(204,720)	745,011	-	-

(I) Analysis of changes in cash flows for the year 2024:

- Operating Activities: Net cash inflow from operating activities for the period was NT\$162,376 thousand, mainly due to a decline in revenue compared to the previous year, resulting in reduced collections. However, inventory and accounts payable decreased due to reduced stocking, leading to more funds retained on the books.
- Investing Activities: Net cash outflow from investing activities for the period was NT\$128,836 thousand, primarily due to the purchase of property, plant, and equipment.
- Financing Activities: Net cash outflow from financing activities for the period was NT\$89,152 thousand, mainly due to loan repayments.

(II) Remedies for cash shortfalls and liquidity analysis:

Items \ Year	2023	2024	Increase/decrease ratio (%)
Cash flow ratio (%)	32.56	19.25	(40.88)
Cash flow adequacy ratio (%)	69.87	66.90	(4.25)
Cash reinvestment ratio (%)	8.45	4.20	(50.30)
Analysis of changes in percentage increase (decrease): Cash flow ratio and cash reinvestment ratio: Mainly because the profit in the current period was not as good as the same period of the previous year, resulting in a decrease in net cash flow from operating activities.			

(III) Cash liquidity analysis for the coming year:

Unit: NTD thousand

Cash at beginning of period Balance①	Projected full-year net cash flows from operating activities②	Projected cash outflow for the year③	Projected cash surplus (shortfall) amount ① + ② - ③	Remedies for projected cash shortfalls:	
				Investment plan	Financial plan
745,011	120,580	(155,041)	710,550	-	-
1. Analysis of cash flow changes in the current year: (1) Operating activities: Mainly due to the expected increase in net cash inflow from operating activities throughout the year in anticipation of future revenue growth. (2) Investment activities: Mainly due to construction of additional plant and purchase of equipment. (3) Financing activities: Mainly due to loan repayments, dividend distributions, and group capacity relocation plans. 2. Projected remedies for cash shortfalls and liquidity analysis: None.					

IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year:

- (I) The use of major capital expenditures in the most recent year, and the source of funds: None.
 (II) Expected benefits: Not applicable.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(I) Reinvestment policy

The Company's reinvestment is carried out based on the factors such as operational needs or for the Company's future growth, with professional information provided by the relevant units. An investment is reviewed and approved by the Management Committee prior to being implemented.

(II) Main reasons for the profit or loss in reinvestment, and improvement plans:

The Company had no significant reinvestment in 2024.

(III) Investment plan for the coming year: The Company will continue to carefully evaluate the need for long-term investment in accordance with the its business policy according to the market and operating conditions, while taking into account the future capital position.

VI. Risk matters

(I) Impact upon the company's balance sheet of inflation and changes in interest and exchange rates, and the measures the company plans to adopt in response in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Impact of interest rate changes in the most recent year on the Company's balance sheet, and measures the company plans to adopt in response

(1) Impact of interest rate changes in the most recent year on the Company's balance sheet

Unit: NTD thousand

Item	2024
Net interest income (expense) (A)	(11,623)
Net revenue (B)	1,864,179
Operating profit (C)	(20,572)
Net interest income (expense) (A) / operating profit (C)	-0.62%
Net interest income (expense) (A) / operating profit (C)	56.50%

(2) Measures the Company plans to adopt in response

In the future, the Company will source capital through a combination of floating rate and fixed rate debts to mitigate the effect of interest rate changes on the Company's profitability.

2. Impact of exchange rate changes in the most recent year on the Company's balance sheet, and measures the company plans to adopt in response

(1) Impact of exchange rate changes in the most recent year on the Company's balance sheet

Unit: NTD thousand

Item	2024
Net gain (loss) on exchange (A)	27,000
Net revenue (C)	1,864,179
Operating profit (D)	(20,572)
Net exchange gain (loss) (A) / bet revenue (D)	1.45%
Net exchange gain (loss) (A) / operating profit (D)	-131.25%

(2) Measures the Company plans to adopt in response

A. Foreign currency sales proceeds received from overseas by the Finance Department are first placed in foreign currency deposit accounts for the payment of foreign purchases, and later converted into NT\$ at an appropriate time to hedge exchange rate risks.

B. The Finance Department keeps track of financial information at all times and changes in the foreign exchange market to fully grasp the trend of exchange rates, and strengthen the establishment of current relationship with banks. In accordance with the

bank's recommendations, the timing of conversion of NTD or keeping it in foreign currency accounts is determined. This enables them to be more flexible in their foreign currency hedging operations.

C. The Finance Department pays constant attention to financial news and exchange rate changes to fully grasp the trend of the exchange rate. The Company also evaluates and purchases currency forwards as a means to hedge exchange rate risks.

3. Impact of inflation in the most recent year on the Company's balance sheet, and measures the company plans to adopt in response: None.

(II) High-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company has defined its "Procedures for Loaning of Funds", "Procedures for Endorsement and Guarantee", "Procedures for Acquisition and Disposal of Assets," and "Procedures for Engagement in Derivatives Transactions" to serve as the basis for all relevant operations.

(III) Future research projects and R&D expenses expected to be invested in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Future R&D plans:

A. MSF3425 Series – Small-size common mode filter component for in-vehicle high-speed Ethernet (Open Alliance – 1000BASE-T1).

B. MSF3425-S – Common mode filter for Power over Coaxial (PoC) systems.

C. MSF4532 Series – Small-size common mode filter for automotive CAN-FD applications

D. MSF3425 & MSF4532 Series – High-frequency common mode impedance components

E. Electric field shielding alloy powdered one-piece thin precision power inductor MHS0635, MHS0735, MHE1145, MHS1370 series.

F. Coupled alloy powdered one-piece thin precision power inductor MCH1040 series.

G. Electric field shielding alloy powdered one-piece thin precision power inductor MCE1145 series.

H. HE1040-C & HE1265-C Series – One-piece molded inductors.

I. MHE0530-V & MHE0630-V Series – Voltage-type molded inductors

J. ASS1514 Series – Through-hole type magnetic shield power inductors

K. Common mode filter AQF1560 series.

L. PE1230 series of low-loss power bead PE1230 series.

M. Type-M RF inductor SWI0201 series.

N. powdered one-piece thin precision power inductor DP2016 series.

O. Improvement project of the resin system with particle-making.

P. Specialized technology for production process of aggregate powder.

Q. SWI0201 Test package & visual inspection equipment development project.

R. LTCC (Low Temperature Co-fired Ceramic) filter R&D project.

2. The estimated investment in the R&D project is approximately NT\$110,000 thousand.

(IV) The impact upon the company's financial operations of important policy and legal developments at home and abroad, and the measures the company plans to adopt in response in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

(V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report as well as industrial change, and measures to be taken in response:

The Company is taking a proactive approach by actively engaging in market and industry analysis, keeping abreast of the latest market trends and economic trends, while devoting ourselves to the development and introduction of new products or technologies. At the same time, the Company maintains good relationships with upstream and downstream manufacturers,

and strives to become an R&D partner of customers as early as the design stage of the customer. By doing so, we are able to grasp the latest needs and developments in the product and market. Therefore, technological changes and industrial changes in the recent year have no significant impact on the Company's financial operations. For cyber security risks, please refer to page 86.

- (VI) Impacts of the change in corporate identity on the Company's crisis management in the most recent year and up to the publication date: None.
- (VII) Expected benefits and risks of mergers and acquisitions in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- (VIII) The expected benefits and potential risks of any plant expansion in the most recent year and up to the printing date, and measures to be adopted in response: None.
- (IX) The risks associated with any consolidation of sales or purchasing operations in the most recent year and up to the printing date, and measures to be adopted in response: None.
- (X) Effect upon and risk to the company if a substantial quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, and measures to be adopted in response:
- (XI) Effect upon and risk to the company associated with any change in governance personnel or top management in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, and measures to be adopted in response:
- (XII) Litigious and non-litigious matters: List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.
- (XIII) Other important risks and measures to be adopted in response:
For information security risk assessment and measures taken in response, please refer to page 89.

VII. Other important matters: none.

Six. Special Items to Be Included

I. Information on affiliates

For related information, please refer to the "Three Statements of Affiliated Enterprises" section on the Market Observation Post System (MOPS) website.

- Navigation Path: MOPS > Listed Company > Electronic Document Download > “Three Statements of Affiliated Enterprises” Section
- Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10
- (I) Consolidated business report of affiliates
- (II) Consolidated financial financial statements of affiliates.
- (III) Report of affiliates: None.

II. Private placement of securities in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the company by the company’s subsidiaries in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

IV. Other matters that require additional explanation: None.

Seven. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders’ Equity or the Price of the Company’s Securities, Occurred in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.