

Stock Code: 3067

PNC INTERNATIONAL INC.

2024 Annual Report

April 17, 2025

Inquiry website: <https://mops.twse.com.tw>

<https://www.twphonic.com>

I. Spokesperson of the Company:

Name: Kao Wei-Hung
Title: Assistant Vice-President
Contact number: (02) 2659-2166
Email address: ir@twphonic.com

Deputy Spokesperson:

Name: Pi-Chi Shen
Title: Special Assistant
Contact number: (02) 2659-2166
E-mail: ir@twphonic.com

II. Address and Telephone Number of Headquarter, Branches and Plants:

Headquarter
Address: 6F-1, No. 36, Alley 38, Lane 358, Ruiguang Road, Neihu District, Taipei City 114, Taiwan
Tel: (02)2569-2166
Branches: None.
Factories: None.

III. Name, Address, Website and Telephone Number of Stock Transfer Agent:

Name: Yuanta Securities Co., Ltd
Address: B1, No. 67, Section 3, Dunhua South Road, Daan District, Taipei City 106, Taiwan
Website: <http://www.yuanta.com.tw>
Tel: (02)2586-5859

IV. Attesting CPA of the annual financial statements for the most recent year, CPA firm, address, website and TEL:

Name of CPAs: Chia-Hsiang Wang, Ching-Chuan Toh
CPA firm: Crowe (TW) CPAs
Address: 7F., No. 122, Dunhua North Road, Songshan District, Taipei City 105, Taiwan
Website: <http://www.crowe.tw>
Tel: (02)8770-5181

V. Name of any exchange where the Company's securities are traded overseas, and the method by which to access information on the overseas securities: Not applicable.

VI. Company website: <https://www.twphonic.com>

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One. Report to Shareholders

Dear shareholders,

First of all, I would like to thank all the shareholders for taking the time to participate in the 2025 Shareholders' Annual General Meeting. At the same time, I would like to thank all the shareholders for your love and support of the Company.

The 2024 business overview and outlook of this year are hereby reported as follows:

I. 2024 Business Report

(I) Business Plan Implementation Outcome

In 2024, the consolidated operating revenue was NT\$43,649 thousand, and the net consolidated non-operating revenue NT\$6,083 thousand. The 2024 consolidated operating costs and expenses totaled NT\$67,652 thousand, the consolidated net loss before tax was NT\$17,920 thousand, the consolidated net loss after tax was NT\$20,178 thousand and the consolidated loss per share after tax was NT\$1.01.

(II) Budget Execution

The Company did not announce financial forecast for 2024; therefore, this is not applicable.

(III) Financial income and expenditure

Unit: NTD thousands

Item	2023	2024
Consolidated net cash inflow from operating activities	14,663	(34,933)
Consolidated net cash flow (outflow) from investing activities	(106,017)	(33,151)
Net cash flow (outflow) from consolidated financing activities	(3,844)	(1,640)

(IV) Profitability analysis

Unit: NTD thousands

Item	2023	2024
Return on assets (%)	6.66	(5.79)
Return on equity (%)	9.14	(7.8)
Operating income to paid-in capital ratio (%)	13.05	(12)
Income before tax to paid-in capital ratio (%)	14.44	(8.96)
Net profit margin (%)	13.74	(46.23)
Earnings per share (NTD)	1.17	(1.01)

(V) Research and development status

Continue the development and optimization of fully automated digital products, audio and video products with streaming media functions and portable audio system products.

II. 2025 Business Plan Overview

(I) Business policy:

1. Consolidate the existing markets at home and abroad, and continue to develop new customer sources.
2. Effectively explore market information and pro-actively promote various applications and products satisfying customers' needs.
3. Optimize the functions and price/performance ratio of existing products, increase the shipments of high-margin products and sales portfolios, in order to improve the Company's overall profitability.

4. Continue to promote the sustainable development of ESG, and gradually implement ESG in the overall operation activities and products.

(II) Expected sales volume and basis:

Not applicable, as the Company is not required to announce financial forecasts for 2025.

(III) Important production and distribution policies:

1. Gain an in-depth understanding of market demand, establish a niche for product differentiation and improve the brand image.
2. Effectively integrate and optimize sales channels in accordance with sales strategies.
3. Improve the flexibility and efficiency of the production process and supply chain.
4. The Company actively promotes the environmental purification program for air, sunshine, and water, and contributes to the sustainable development of ESG in Taiwan.

III. Future development strategies of the Company

As issues and impacts caused about by climate change are increasingly exacerbated, fresh water resources are becoming depleted day by day. Therefore, countries all over the world are striving to find the solutions that can keep water resources clean and sustainable. One of the 2030 Sustainable Development Goals proposed by the United Nations refers to SDG6, which seeks to ensure safe drinking water and sanitation for all and the sustainable management thereof. According to the statistics of Markets and Markets, an international market survey organization, the global smart water resource management market scale will reach US\$22.4 billion in 2026, with the CAGR by more than 10%. Looking forward to the future, the Company will continue to expand the business domain related to water resources, provide users with the best experience of pure water and enable clean water resources to be delivered to every corner of the world.

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

Since 2025, the global market has been affected by the continuing uncertainties such as the economic slowdown between the United States and China and war conflicts of Russo-Ukrainian and the Israel-Halal wars. Enterprises need to keep changing their existing business models to maintain competitiveness and also investing resources to promote sustainable development. In the future, the Company will take into account the principles of both safe operations and sustainable growth, in order to increase the Company's profit and feed back to all shareholders for their care and support. Meanwhile, the Company also hopes to contribute to the global clean, safe water supply and the sustainable management thereof.

Finally, I wish all shareholders

Good health and all the best

Chairman: Yao Tien-Chi Managerial Officer: Tsou Ching-Wen Accounting Officer Kao Wei-Hung

Two. Corporate Governance Report

I. Directors, President, Vice Presidents, Assistant Vice- Presidents and Heads of Departments and Branches

(I) Profiles of Directors

1. Profiles of Directors

April 17, 2025

Job Title	Nationality or place of registration	Name	Gender/age	Date of Election (Inauguration)	Term of office	Date of initial election	Shareholdings at the time of appointment		Current shareholdings		Shares held by spouse and underage children		Shares held in someone else's name		Main experience (academic)	Positions in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Chairman (Note 4)	Republic of China	Kang Jian Investment Co., Ltd. Representative: Yao Tian-Chi	Male 50~60	2024.06.21 *2024.06.21	3	2002.10.20 *2024.01.31	10,934,811 *0	37.67 *0	11,636,315 (Note 1) *0	58.18 *0	0	0	0	0	National Taipei Institute of Technology Director, CASING MACRON TECHNOLOGY CO., LTD.	Chairman, EVERPOLL HEALTH PLUS WATER TECHNOLOGY, CO., LTD. Chairman, HUNG HSI INTERNATIONAL DEVELOPMENT LIMITED COMPANY Director, FIL TTECK CO.,LTD.	None	None	None	
Director (Note 4)	Republic of China	Kang Jian Investment Co., Ltd. Representative: Chou Ching-Wen	Male 50~60	2024.06.21 *2024.06.21	3	2002.10.20 *2020.12.25	10,934,811 *0	37.67 *0	11,636,315 (Note 1) *0	58.18 *0	0	0	0	0	MBA, The Wharton School, USA	Also serves as the President of the Company Chairman, TAIWAN POWDER TECHNOLOGIES CO., LTD. Chairman, Kang Jian Investment Co., Ltd. Director, Tai-Ling Biotech., Inc. Chairman, Kang Yao Investment Co., Ltd.	None	None	None	Note 5
Director	Republic of China	Kang Jian Investment Co., Ltd. Representative: Wang Min-Lieh (Note 2)	Male 70~80	2021.02.24 *2021.02.24	3	2002.10.20 *1976.09.29	10,934,811 *1,671,611	37.67 *5.76	11,636,315 (Note 1) *1,151,832 (Note 1)	58.18 *5.76	0	0	316,442	1.58	Taiwan Electrical and Electronic Manufacturers' Association - Policy Consultant Department of Electronic Engineering, Chung Yuan Christian University Graduate Institute of Business Administration, University of Oklahoma City	Also concurrently serves as the Supervisor of the Company's Professional Audio Business Unit. Chairman, Apartners Investment Corp. Chairman, curaFUN Asia Corporation	None	None	None	

Job Title	Nationality or place of registration	Name	Gender/age	Date of Election (Inauguration)	Term of office	Date of initial election	Shareholdings at the time of appointment		Current shareholdings		Shares held by spouse and underage children		Shares held in someone else's name		Main experience (academic)	Positions in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
															Entrepreneurship Institute of National Chengchi University					
Director	Republic of China	Kang Jian Investment Co., Ltd. Representative: Chang Chi-Chin (Note 3)		2024.06.21 *2024.06.21		2002.10.20 *2024.06.21	10,934,811 *0	37.67 *0	11,636,315 (Note 1) *0	58.18 *0	0 0	0 0	0 0	Bachelor of Science in Electrical Engineering, University of Missouri, USA Master of Electrical Engineering, University of Missouri, USA Doctor of Juridical Science, China University of Political Science and Law President, Draguard Security Director, FETek Technology Corp. Supervisor, Soaring Technology CO., LTD.	Chairman, TST Technology Co., Ltd. Vice Chairman, Draguard Security Director, FETek Technology Corp.	None	None	None		
Director	Republic of China	Kang Jian Investment Co., Ltd. Representative: Wu Hsin-Kai	Male 50~60	2024.06.21 *2024.06.21	3	2002.10.20 *2023.10.30	10,934,811 *0	37.67 *0	11,636,315 (Note 1) *0	58.18 *0	0 0	0 0	0 0	Department of Business Administration, Tamkang University Director, DIRECTCURRENT CO., LTD.	Chairman, BROAD SKY TECHNOLOGY CO., LTD. Chairman, Sang Guo Investment Ltd. Director, EVERPOLL HEALTH PLUS WATER TECHNOLOGY, CO., LTD. Director, CASING MACRON TECHNOLOGY CO., LTD. Supervisor, Kang Jian Investment Co., Ltd.	None	None	None		
Independent Director	Republic of China	Lin Ying-Che (Note 2)	Male 60~70	2021.02.24	3	2014.06.17	0	0	0	0	0	0	0	Chief of Staff, MARKETECH INTERNATIONAL CORP. Counsellor, Headquarters, Financial Supervisory Commission Graduate School of Finance, National Chengchi University	Consultant, Chief Strategy Office, TOPCO SCIENTIFIC CO., LTD.	None	None	None		

Job Title	Nationality or place of registration	Name	Gender/age	Date of Election (Inauguration)	Term of office	Date of initial election	Shareholdings at the time of appointment		Current shareholdings		Shares held by spouse and underage children		Shares held in someone else's name		Main experience (academic)	Positions in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Independent Director	Republic of China	Huang Hao-Chieh (Note 3)	Male 40~50	2024.06.21		2024.06.21	0	0	0	0	0	0	0	0	Department of Accounting, Soochow University Master of Accounting, Tamkang University Master of Technology Management, University of Illinois Urbana-Champaign Director, Audit Department, PwC Taiwan Assistant Audit Manager, SINBON ELECTRONICS CO., LTD.	CPA, Cheng Ta Certified Public Accountant Chairman, Cheng Ta International Investment Ltd.	None	None	None	
Independent Director	Republic of China	Chiu Li-Mei	Female 50~60	2024.06.21	3	2021.02.24	0	0	0	0	0	0	0	0	EMBA, School of Management, National Chiao Tung University Vice Assistant Vice President, Finance Department, POU CHEN CORPORATION Senior Manager, Financial Accounting Dept., Motech Industries Inc. Assistant Vice-President, Audit Department, KPMG Taiwan	CPA, Chu Sui CPA Firm	None	None	None	

Job Title	Nationality or place of registration	Name	Gender/age	Date of Election (Inauguration)	Term of office	Date of initial election	Shareholdings at the time of appointment		Current shareholdings		Shares held by spouse and underage children		Shares held in someone else's name		Main experience (academic)	Positions in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Independent Director	Republic of China	Yao Shun-Yen	Male 40~50	2024.06.21	3	2021.02.24	0	0	0	0	0	0	0	0	Project Manager, Taiwan Semiconductor Manufacturing Co., Ltd. Strategic Consultant, Boston Consulting Group Business Consultant, Accenture Consulting MBA, International Institute for Management Development Master of Computer Science, Cornell University	Investment Director, Hua Wei International Technology Consulting Co., Ltd. Independent Director, LOUISA Professional Coffee LTD. Juristic Person Director's Representative, ENTIRE TECHNOLOGY CO., LTD. Supervisor, ENFLEX CORPORATION Representative of Juristic Person Director, ENTIRE HOLDING GROUP LTD. Representative of Juristic Person Director, ENTIRE MATERIALS CO., LTD. Director, TaiYang Solar Power Co., Ltd. Director, Huayang Solar Energy Co., Ltd. Director, Jiangsu Huahan Health Technology Ltd.	None	None	None	

*Indicates the date on which the representative was elected (inaugurated), the date of initial election, the number of shares held and percentage of shareholding at the time of election, the number of shares and percentage of shareholding currently held.

Note 1: The Company reduced capital in 2021 to make up for the deficit. The number of shares currently held is the number of shares held after the capital reduction and issuance of new shares.

Note 2: The term of the Company's Board of Directors expired on February 23, 2024. The representative of juristic person director Kang Jian Investment Co., Ltd., Wang Min-Lieh, and Independent Director Lin Ying-Che were relieved of their duties after the re-election at the shareholders' meeting on June 21, 2024.

Note 3: The term of the Company's Board of Directors expired on February 23, 2024. The representative of juristic person director Kang Jian Investment Co., Ltd., Chang Chi-Chin, and Independent Director Huang Hao-Chieh were appointed following the re-election at the shareholders' meeting on June 21, 2024.

Note 4: Following the expiration of the Board's term on February 23, 2024, and the full re-election on June 21, 2024, the former Chairman, Chou Ching-Wen (representative of juristic person director Kang Jian Investment Co., Ltd.), stepped down and was succeeded by Yao Tian-Chi, also the representative of Kang Jian Investment Co., Ltd.

Note 5: On June 21, 2024, the Board of Directors approved the appointment of Chou Ching-Wen as President.

2. Major shareholders of corporate shareholders

April 17, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders
Kang Jian Investment Co., Ltd.	Taiwan Union Technology Corporation (100%)

3. Major shareholders of corporations whose major shareholders are corporate shareholders

April 8, 2025

Name of institution	Major shareholders of corporate entities
Taiwan Union Technology Corporation	<p>HUNG HSI INTERNATIONAL DEVELOPMENT LIMITED COMPANY (20.85%)</p> <p>ALS ENTERPRISES LIMITED (8.84%)</p> <p>HPM Labs Co., LTD. (3.98%)</p> <p>Chou Ching-Wen (2.80%)</p> <p>Chen Chin (2.26%)</p> <p>Chi Teh Investment Co., Ltd. (2.21%)</p> <p>Lu Yung-Chung (2.13%)</p> <p>Mori Chen (1.92%)</p> <p>Yoshimura Investment Co., Ltd. (1.92%)</p> <p>Victor Ltd. (1.81%)</p>

Disclosure of information on directors' professional qualifications and independence of independent directors

Condition Name	Professional qualifications and experience	Status of independence	Number of independent directors concurrently serving in other public companies
Yao Tian-Chi	Have the work experience required for business, legal affairs, finance, accounting, or corporate business, and is not under any of the circumstances specified in Article 30 of the Company Act.	Not applicable	None
Chou Ching-Wen	Have the work experience required for business, legal affairs, finance, accounting, or corporate business, and is not under any of the circumstances specified in Article 30 of the Company Act.	Not applicable	None
Wu Hsin-Kai	Have the work experience required for business, legal affairs, finance, accounting, or corporate business, and is not under any of the circumstances specified in Article 30 of the Company Act.	Not applicable	None
Chang Chi-Chin	Have the work experience required for business, legal affairs, finance, accounting, or corporate business, and is not under any of the circumstances specified in Article 30 of the Company Act.	Not applicable	None
Huang Hao-Chieh (Independent Director)	Have the work experience required for business, legal affairs, finance, accounting, or corporate business, and is not under any of the circumstances specified in Article 30 of the Company Act. Professional and technical personnel who have passed the national examination for certified public accountants and obtained certificates.	Complies with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" regarding independence and Article 4 regarding the limitation on concurrent directors: (1) Neither the spouse nor any relative within the second degree of kinship serve as a director, supervisor or employee of the Company or any of its affiliates. (2) The person himself/herself, his/her spouse, or a relative within the second degree of kinship (or in the name of another person) does not hold any shares of the Company. (3) Not serving as a director, supervisor or employee of a company specifically related to the Company. (4) No amount of remuneration received from providing commercial, legal, financial and accounting services to the Company or its affiliates in the last two years.	None
Chiu Li-Mei (Independent Director)	Have the work experience required for business, legal affairs, finance, accounting, or corporate business, and is not under any of the circumstances specified in Article 30 of the Company Act. Professional and technical personnel who have passed the national examination for certified public accountants and obtained certificates.		None
Yao Shun-Yen (Independent Director)	Have the work experience required for business, legal affairs, finance, accounting, or corporate business, and is not under any of the circumstances specified in Article 30 of the Company Act.		1

Diversity and Independence of the Board of Directors

The Company's "Corporate Governance Best Practice Principles" regulates the composition of the Board of Directors and the abilities that should be possessed by them as a whole, and has established a diversity policy for the Board of Directors. The composition of the Board of Directors of the Company has been considered for diversity, and an appropriate diversity policy has been formulated based on the Company's own operations, business models and development needs. The standards include the following two major aspects:

- I. Basic conditions and values: gender, age, nationality and culture, among others.
- II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.
- III. Members of the Board of Directors shall generally possess the necessary knowledge, skills, and literacy to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should have the following capabilities:
- IV. Operational judgment
- V. Accounting and financial analysis
- VI. Operations and management
- VII. Crisis Management
- VIII. Knowledge of the industry
- IX. International market perspective
- X. Leadership
- XI. Decision-making

The implementation of the diversity of the board of directors of the company is as follows

The Company currently has 7 directors, including 3 independent directors (accounting for 43%), 1 female director (accounting for 14%), and 1 director who is an employee (accounting for 14%). There are two directors who has served in the Board of Directors from 3 to 6 years, and the third director from 9 to 10 years. The Company attaches great importance to the gender equality of the board members and aims to have at least one female director seat.

If the number of female directors in the Board of Directors of the Company is less than one-third of the total number of directors, specify the reason and the measures to be taken to enhance the diversity of the Board of Directors:

- I. Description: The Company has established 7 seats of Directors in accordance with the Articles of Incorporation. The current Directors were elected in the Shareholders Meeting on June 21, 2024. However, there is only one female Director. Although the election of the Directors in the current term is in compliance with the laws, the Company will seek suitable candidates for the election of the next term of Directors to implement the requirement of gender diversity.
- II. Measures: Before the end of the term of the Board of Directors, the Company will seek talent from the industry or the school, in order to improve the performance of corporate governance and implement the policy of diversification of the Board of Directors.

The members of the Board of Directors have the work experience and expertise in operations management, industry knowledge, finance and strategic management. The implementation of the diversity of the Board of Directors is as follows:

Job Title		Director	Chairman	Director	Director	Independent Director	Independent Director	Independent Director
Name		Yao Tian-Chi	Chou Ching-Wen	Wu Hsin-Kai	Chang Chi-Chin	Huang Hao-Chieh	Chiu Li-Mei	Yao Shun-Yen
Gender		Male	Male	Male	Male	Male	Female	Male
Age		50-60	50-60	50-60	50-60	40-50	50-60	40-50
Serving as an employee of the Company concurrently			✓		✓			
Length of tenure of independent directors	Less than 3 years					✓		
	3 - 6 years						✓	✓
Professional background								
Commerce		✓	✓	✓	✓	✓	✓	✓
Technology		✓	✓	✓	✓			✓
Finance/Accounting		✓	✓	✓		✓	✓	✓
Laws					✓			
Professional knowledge and skills								
Leadership		✓	✓	✓	✓	✓	✓	✓
Decision-making power		✓	✓	✓	✓	✓	✓	✓
Industry knowledge		✓	✓	✓	✓	✓	✓	✓
Financial management capability		✓	✓	✓	✓	✓	✓	✓
Operation and manufacturing		✓	✓	✓	✓			
Risk management/crisis handling		✓	✓	✓	✓	✓	✓	✓
Environmental Sustainability		✓	✓	✓	✓	✓	✓	✓
Social Participation		✓	✓	✓	✓	✓	✓	✓

(II) Information on the President, Assistant Vice Presidents, and the heads of various departments and branches

April 17, 2025

Job Title	Nationality	Name	Gender	Date of Election (Inauguration)	Number of shares held		Shares held by spouse and underage children		Shares held in someone else's name		Main experience (academic)	Positions in other companies	Managers who are a spouse or a relative within the second degree of kinship		
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship
President	Republic of China	Chou Ching- Wen	Male	2023.05.09	0	0	0	0	0	0	MBA, The Wharton School, USA	Chairman, TAIWAN POWDER TECHNOLOGIES CO., LTD. Chairman, Kang Jian Investment Co., Ltd. Director, Tai-Ling Biotech., Inc. Chairman, Kang Yao Investment Co., Ltd.	None	None	None
Head of Professional Audio Division	Republic of China	Wang Min-Lieh	Male	1973.11.22	1,151,832	5.76	0	0	372,442	1.86	Taiwan Electrical and Electronic Manufacturers' Association - Policy Consultant Department of Electronic Engineering, Chung Yuan Christian University Graduate Institute of Business Administration, University of Oklahoma City Entrepreneurship Institute of National Chengchi University	Chairman, Apartners Investment Corp. Chairman, curaFUN Asia Corporation	None	None	None
General Manager of New Environment Business Department	Republic of China	Yeh Cheng- Hsing	Male	2023.05.31	0	0	0	0	0	0	Vice President, TRANSACTOR INTERNATIONAL CORPORATION Project Manager, HELM CHAIN CO., LTD. Assistant Manager, TAI YUE ELECTRIC CO., LTD. Chairman, G-STAR INTERNATIONAL DEVELOPMENT CO., LTD.	Director, EVERPOLL HEALTH PLUS WATER TECHNOLOGY, CO., LTD.	None	None	None
Audit officer	Republic of China	Su Hui- Wen	Female	2023.03.17	0	0	0	0	0	0	Finance Dept., PROTECH PHARMASERVICES CORPORATION Project Management Department, SITEPARTNER CORPORATION Department of Accounting, Shih Chien University	None	None	None	None
Finance Department Assistant Vice President	Republic of China	Kao Wei- Hung	Male	2022.11.09	0	0	0	0	0	0	Audit Manager, Lang Inc. Taiwan Star Telecom Corporation Limited - Head of Stock Management Department Audit Team Leader, PwC Taiwan Graduate Institute of Accounting, National Chung Cheng University	Director, EVERPOLL HEALTH PLUS WATER TECHNOLOGY, CO., LTD. Director, Phonic Group, Ltd.	None	None	None

(III) Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof and the measures adopted in response thereto: The term of the Company's Board of Directors expired on February 23, 2024. After the full re-election on June 21, 2024, Chou Ching-Wen, the representative of the juristic person director Kang Jian Investment Co., Ltd., stepped down from his position as Chairperson of the Board.

II. Remuneration paid to directors, presidents and vice- presidents in the most recent year

(I) Remuneration to directors (including independent directors) in 2024

Unit: NTD thousands

Job Title	Name	Remuneration to directors								The sum of A, B, C and D as a percentage of net income		Remuneration for concurrently serving as an employee								The sum of A, B, C, D, E, F and G as a percentage of net income		Remuneration from the reinvested business other than the subsidiaries
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses and allowances (E)		Severance pay and pension (F)		Employee remuneration (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		The Company	All companies included in the financial report	
																Cash amount	Amount of shares	Cash amount	Amount of shares			
General Director	Kang Jian Investment Co., Ltd. Representative: Yao Tian-Chi	0	0	0	0	0	0	0	0	0.00	0.00	0	0	0	0	0	0	0	0	0.00	0.00	None
	Kang Jian Investment Co., Ltd. Representative: Chou Ching-Wen	0	0	0	0	0	0	0	0	0.00	0.00	94	94	0	0	0	0	0	0	-0.47	-0.47	None
	Kang Jian Investment Co., Ltd. Representative: Wu Hsin-Kai	0	0	0	0	0	0	0	0	0.00	0.00	0	0	0	0	0	0	0	0	0.00	0.00	None
	Kang Jian Investment Co., Ltd. Representative: Chang Chi-Chin	0	0	0	0	0	0	0	0	0.00	0.00	54	54	0	0	0	0	0	0	-0.27	-0.27	None
	Kang Jian Investment Co., Ltd. Representative: Wang Min-Lieh (Note 3)	0	0	0	0	0	0	0	0	0.00	0.00	836	836	0	0	0	0	0	0	-4.14	-4.14	None
Independent Director	Huang Hao-Chieh (Note 1)	160	160	0	0	0	0	0	0	-0.79	-0.79	0	0	0	0	0	0	0	0	-0.79	-0.79	None
	Chiu Li-Mei	360	360	0	0	0	0	0	0	-1.78	-1.78	0	0	0	0	0	0	0	0	-1.78	-1.78	None
	Yao Shun-Yen	360	360	0	0	0	0	0	0	-1.78	-1.78	0	0	0	0	0	0	0	0	-1.78	-1.78	None
	Lin Ying-Che (Note 2)	200	200	0	0	0	0	0	0	-0.99	-0.99	0	0	0	0	0	0	0	0	-0.99	-0.99	None

1. Please describe the remuneration policies, systems, standards, and structures for independent directors, and their linkage to the amount of remuneration based on factors such as responsibilities, risks and time invested:

(2) The remuneration to the Company's directors is allocated based on a weighting system that takes into consideration each director's (including independent directors') level of participation in operations and the value of their contributions. In addition, pursuant to Article 28 of the Company's Articles of Incorporation, no less than 2% of the current pre-tax profit before deduction of employee and director remuneration shall be allocated as employee remuneration, and no more than 1% shall be allocated as director remuneration. However, if the Company still has accumulated losses (including the adjustment of the amount of undistributed earnings), it shall first retain the amount to offset it.

2. In addition to the remuneration disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies included in the financial statements (such as serving as a consultant who is not an employee) in the most recent year: none.

Note 1: The term of the Company's Board of Directors expired on February 23, 2024. Independent Director Huang Hao-Chieh were After appointed following the re-election at the shareholders' meeting on June 21, 2024.

Note 2: The term of the Company's Board of Directors expired on February 23, 2024. Independent Director Lin Ying-Che were relieved of their duties after the re-election at the shareholders' meeting on June 21, 2024.

Note 3: The term of the Company's Board of Directors expired on February 23, 2024. The representative of juristic person director Kang Jian Investment Co., Ltd., Wang Min-Lieh was relieved of duty after the re-election at the shareholders' meeting on June 21, 2024.

(II) Remuneration to President and Vice-Presidents in 2024

Unit: NTD thousands

Job Title	Name	Base salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Remuneration for employees (D)				The sum of A, B, C and D as a percentage of net income after tax (%)		Received remuneration from reinvested businesses other than subsidiaries or the 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	
								Cash amount	Amount of shares	Cash amount	Amount of shares			
President	Chou Ching-Wen	94	94	0	0	0	0	0	0	0	0	-0.47	-0.47	None

*Regardless of the job title, any position equivalent to a general manager or deputy general manager (e.g. President, CEO, Chief Officer, etc.) should be disclosed.

(III) The remuneration of the top five executives of the listed company

Unit: NTD thousands

Job Title	Name	Base salary (A)		Severance pay and pension (B)		Bonus and allowance (C)		Remuneration for employees (D)				The sum of A, B, C and D as a percentage of net income after tax (%)		Received remuneration from reinvested businesses other than subsidiaries or the 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	
								Cash amount	Amount of shares	Cash amount	Amount of shares			
Head of Professional Audio Division	Wang Min-Lieh	1,921	1,921	0	0	0	0	0	0	0	0	-9.52	-9.52	None
Assistant VP, Finance	Kao Wei-Hung	1,681	1,681	95	95	0	0	0	0	0	0	-8.80	-8.80	None

*The concept of remuneration disclosed in this table is different from that of Income Tax Act. Therefore, this table is for information disclosure and not for tax purposes.

(IV) Names of managers assigned with employee remuneration: As the Company recorded a pre-tax net loss of NT\$20,178 thousand in 2024, it does not plan to allocate employee remuneration. Therefore, no employee remuneration has been distributed to any managers.

(V) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, general managers and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Total remuneration paid as a percentage of net income after tax in the most recent two years:

Total remunerations as a percentage of net income after tax	2023	2024
Director	13.38%	-9.95%
President and Vice Presidents	3.34%	-0.47%

2. The remuneration policy, standards and components, the procedure for determining remuneration and the correlation with operating performance and future risks:

- (1) The remuneration policy of the Company and all companies included in the consolidated financial statements is based on the scope of authority and responsibility of the position in the Company and the contribution to the Company's operating goals; Remuneration is determined not only with reference to the overall operating performance of the company, but also with reference to the individual's contribution to the company's performance.
- (2) In accordance with Article 28 of the Company's Articles of Incorporation, no less than 2% of the current income before tax before deduction of the remuneration to the Company's employees and directors as the remuneration to directors and no more than 1% thereof as the remuneration to directors. However, if the Company still has accumulated losses (including the adjustment of the amount of undistributed earnings), it shall first retain the amount to offset it and relevant regulations.

III. Status of corporate governance

(I) Operation of the Board of Directors:

A total of 8 board meetings were held in 2024. The attendance of directors is as follows:

Job Title	Name	Actual attendance rate	Frequency of attendance by proxy	Attendance rate in person (%)	Remarks
Chairman	Kang Jian Investment Co., Ltd. Representative: Yao Tian-Chi	8	0	100%	2024.1.31 Re-appointment of new director representatives of juristic person director 2024.6.21 Re-election of new Chairman
Director	Kang Jian Investment Co., Ltd. Representative: Chou Ching-Wen	8	0	100%	2024.6.21 Re-elected as a director
Director	Kang Jian Investment Co., Ltd. Representative: Wang Min-Lieh	0	0	0%	2024.6.21 Re-election of outgoing Director
Director	Kang Jian Investment Co., Ltd. Representative: Wu Hsin-Kai	7	0	87.5%	2024.6.21 Re-elected as a director
Director	Kang Jian Investment Co., Ltd. Representative: Chang Chi-Chin	2	2	50%	2024.6.21 Re-election of new Directors
Independent Director	Huang Hao-Chieh	4	0	100%	2024.6.21 Re-election of new Directors
Independent Director	Chiu Li-Mei	7	1	87.5%	2024.6.21 Re-elected as a director
Independent Director	Yao Shun-Yen	8	0	100%	2024.6.21 Re-elected as a director
Independent Director	Lin Ying-Che	2	2	50%	2024.6.21 Re-election of outgoing Director

Other information to be disclosed:

- If the operation of the board of directors meets any of the following circumstances, the date and session of the board of directors, the contents of the motions, the opinions of all independent directors and the Company's handling of the opinions of the independent directors should be stated:
 - (1) Matters specified in Article 14-3 of the Securities and Exchange Act: Not applicable, the Company has established an Audit Committee and the provisions of Article 14-5 of the Securities and Exchange Act shall apply.
 - (2) Other than the aforementioned matters, any other resolutions of the Board of Directors objected to or with reservations expressed by independent directors and recorded or declared in writing: no such matter has occurred in the Company.

2. For the recusal of a director from a proposal because of a conflict of interest, the name of the director, the content of the proposal, the reason for recusal, and the participation in voting should be stated:

- (1) On November 29, 2024, the Board of Directors discussed a proposed contract with a related party. As the Chairperson of the Company is also the Chairperson of EVERPOLL HEALTH PLUS WATER TECHNOLOGY, CO., LTD., and Chairperson Yao also serves as a director of FIL TTECK CO., LTD., while Director Wu Hsin-Kai is also a director of EVERPOLL HEALTH PLUS WATER TECHNOLOGY, CO., LTD., both individuals were considered interested parties in the matter. In accordance with relevant regulations, they recused themselves from the discussion and voting due to conflicts of interest. Director Chou Ching-Wen was elected by the attending directors to act as the temporary chairperson for this agenda item. Chairperson Yao Tian-Chi and Director Wu Hsin-Kai did not participate in the discussion or vote.

3. TWSE/GTSM listed companies shall disclose the evaluation cycle and duration, evaluation scope, method and evaluation content of the self-evaluation (or peer evaluation) of the board of directors:

Implementation of the evaluation of the Board of Directors:

Implementation of the Evaluation of the Board of Directors:

Evaluation Cycle	The Board of Directors of the Company shall complete the performance evaluation of the Board of Directors of the previous year before the end of the first quarter of each year in accordance with the "Procedures for Performance Evaluation of the Board of Directors."
Evaluation period	From January 1, 2024 to December 31, 2024
Scope of Assessment	Performance evaluation of the entire board of directors, individual board members, and their functional committees.
Evaluation Method	Internal self-evaluation of the Board of Directors, self-evaluation of Board members and self-evaluation of functional committees.

I. 2024 Board of Directors' performance evaluation indicators and options

Performance Evaluation of the Board of Directors	Board member's self-evaluation
<ul style="list-style-type: none">● Level of participation in the Company's operations● Improving the quality of board of directors' decision making● Composition and structure of the Board of Directors● Election and continuing education of directors● Internal control	<ul style="list-style-type: none">● Understanding of the Company's goals and missions● Awareness of the duties of directors● Level of participation in the Company's operations● Management of internal relationship and communication● Directors' professionalism and continuing education● Internal control
45 evaluation indicators	23 evaluation indicators

Multiple choice: Strongly Agree, 5 points; Agree, 4 points; Average, 3 points; Disagree, 2 points; Strongly Disagree, 1 point

II. 2024 Board of Directors performance evaluation results

The Company's Board of Directors performance evaluation for 2024 scored between 5 points for "strongly agree" and 4 points for "agree." The directors generally agreed with the operation of various evaluation indicators and the overall functioning of the Board of Directors was good, in line with corporate governance requirements, and effectively strengthen the functions of the Board of Directors and protect the rights and interests of shareholders.

III. 2024 functional committee performance evaluation indicators and options

Audit Committee Performance Evaluation	Performance evaluation of the Remuneration Committee
<ul style="list-style-type: none">● Level of participation in the Company's operations● Awareness of the duties of the committee● Improve the quality of decision making by the committee● Committee composition and election of members● Internal control	<ul style="list-style-type: none">● Level of participation in the Company's operations● Awareness of the duties of the committee● Improve the quality of decision making by the committee● Committee composition and election of members
21 evaluation indicators	18 evaluation indicators

Multiple choice: Strongly Agree, 5 points; Agree, 4 points; Average, 3 points; Disagree, 2 points; Strongly Disagree, 1 point

IV. 2024 functional committee performance evaluation results

The Company's functional committee performance evaluation for 2024 scored between 5 points for "strongly agree" and 4 points for "agree." The directors generally agreed with the operation of various evaluation indicators and the overall functioning of the functional committee was good, in line with corporate governance requirements, and effectively strengthen the functions of the Board of Directors and protect the rights and interests of shareholders.

V. The 2024 Board of Directors and functional committee performance evaluation results were reported to the Board of Directors on March 12, 2025.

4. Enhancements to the functionality of the Board of Directors in the current year and the most recent year (e.g. establishment of an Audit Committee, enhancement of information transparency, etc.) and implementation evaluations:

- (1) The Company's Board of Directors has established two functional committees, the Audit Committee and the Remuneration Committee, which are composed entirely of independent directors to assist the Board of Directors in fulfilling its supervisory duties.
- (2) The Company discloses relevant information in accordance with the laws and regulations and implements a spokesperson system to enable timely and appropriate disclosure of all material information to protect shareholders' interests.

(II) Operation of the Audit Committee

1. Committed to the implementation of the spirit of corporate governance, the Company has formed an Audit Committee to replace supervisors in accordance with the Securities and Exchange Act in June 2020.
2. A total of 6 Audit Committee meetings were held in 2024, and the attendance of each independent director is as follows:

Job Title	Name	Actual attendance rate	Frequency of attendance by proxy	Attendance rate in person (%)	Remarks
Independent Director	Huang Hao-Chieh	3	0	100%	2024.6.21 Re-election of new Directors
Independent Director	Chiu Li-Mei	5	1	83%	2024.6.21 Re-elected as a director
Independent Director	Yao Shun-Yen	6	0	100%	2024.6.21 Re-elected as a director
Independent Director	Lin Ying-Che	2	1	67%	2024.6.21 Re-election of outgoing Director

Formation and operation of the Audit Committee:

The Company's Audit Committee consists of 3 independent directors. The operation of the committee is mainly to supervise the following matters:

- I. Appropriate presentation of the Company's financial statements.
- II. Selection (dismissal) of CPAs and their competence, independence and performance.
- III. Effective implementation of the Company's internal control.
- IV. The Company's compliance with relevant laws and regulations.
- V. Management and control of existing or potential risks of the Company.

Other information to be disclosed:

1. If the operation of the Audit Committee is under any of the following circumstances, the date and session of the board of directors, the content of the motions, the resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be stated:
 - (1) Conditions described in Article 14-5 of the Securities and Exchange Act:

The operation of the Audit Committee in 2024 is as follows:

Meeting date	Proposal Content	Matters listed in Article 14-5 of the Securities and Exchange Act	Resolution of the Audit Committee	The Company's handling of the Audit Committee's opinions
2024.3.14	Presentation of the Company's 2023 Q4 audit report.	V	Agreed by all members present in the Audit Committee	Approved by all directors present at the Board meeting
	The Company's 2023 financial statements.	V		
	Appointment of CPAs for the 2024 financial statements and evaluation of the independence of CPAs.	V		
	The Company's 2023 business report.	V		
	The Company's 2023 earnings distribution proposal	V		
	The Company's 2023 internal control system statement.	V		
	Proposal to discontinue the 2023 private placement of ordinary shares during the remaining term.	V		
	Change of legal representative for the subsidiary Phonic Group, Ltd. (BVI).	V		
	Amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meetings"	V		
2024.4.26	The Company's proposal for 2024 private placement of ordinary shares	V	Agreed by all members present in the Audit Committee	Approved by all directors present at the Board meeting
	Partial amendments to the "Procedures for Acquisition and Disposal of Assets" of the Company.	V		
	Subsidiary Phonic Group, Ltd. Proposal Not to Reclassify Accounts Receivable from Sub-subsidiary Shenzhen Yiba Electronics Co., Ltd. as Loans	V		
2024.5.14	The Company's 2024 Q1 audit report.	V	Agreed by all members present in the Audit Committee	Approved by all directors present at the Board meeting
	The Company's consolidated financial statements for 2024 Q1.	V		
	Partial Amendments to the Company's "Rules of Procedure for Board Meetings" and "Organizational Regulations of the Audit Committee".	V		
	Partial Amendments to the Company's "Procedures for Prevention of Insider Trading".	V		
	Repeal and Re-establishment of the Company's "Regulations for Related Party Transactions".	V		
2024.8.13	Presentation of the Company's 2024 Q2 audit report.	V	Agreed by all members present in the Audit Committee	Approved by all directors present at the Board meeting
	The Company's consolidated financial statements for 2024 Q2.	V		
2024.11.12	The Company's 2024 Q3 audit report.	V	Agreed by all members present in the Audit Committee	Approved by all directors present at the Board meeting
	The Company's consolidated financial statements for 2024 Q3.	V		
	The Company's 2025 audit plan.	V		
	Amendments to the Company's "Corporate Governance Best Practice Principles" and "Guidelines for the Establishment of the Board of Directors and the Exercise of Their Powers".	V		
	Proposal for the newly established "Sustainable Information Management Policy", "Organizational Charter for the Sustainable Development Task Force" and "Procedures for the Preparation and Assurance of the Sustainability Report".	V		
2024.11.29	Proposal for the Company to enter into a contract with a related party.	V	Agreed by all members present in the Audit Committee	Approved by all directors present at the Board meeting

- (2) Other than the aforementioned matters, any other resolutions of the Board of Directors objected to or with reservations expressed by independent directors and recorded or declared in writing:
2. For the recusal of an independent director from a proposal because of a conflict of interest, the name of the independent director, the content of the proposal, the reason for recusal, and the participation in voting should be stated: None.
3. Communication between independent directors and internal auditing officers and accountants:
- (1) The Company's internal auditing officer delivers audit reports to independent directors for review on a regular basis, and reports the implementation of audited engagements to the Audit Committee and the Board of Directors on a quarterly basis.
- (2) When the Company's Audit Committee holds a meeting, if the Company's financial report or CPA's audit and certification related matters are discussed, the CPA is invited to attend. The CPA reports to the independent directors on the financial status, internal control audit status and key audit matters, and will attend the meeting concurrently and explain the impact of amendments to laws and regulations on the Company's accounting. In case of important matters, they can also communicate instantly through other means.
- (3) The summary of the communications between independent directors and the internal audit officer in 2024 and the results of the communication are as follows:

Meeting date	Communication matters	Result of communication
2024.03.13 Between Independent Director & Chief Internal Auditor (Email & Phone)	Discussed the format and content of written controls over financial reporting and audit reports.	Handled per Independent Director's recommendations.
2024.03.14 Audit Committee	Chief internal auditor conducted the audit report for 2023 Q4. Issuance of the Company's 2023 statement of internal control system.	No opinion
2024.05.02 Between Independent Director & Chief Internal Auditor (Email)	Discussion on the content of 2024 Q1 audit report.	No opinion
2024.05.14 Audit Committee	Chief internal auditor conducted the 2024 Q1 audit report.	No opinion
2024.08.13 Audit Committee	Chief internal auditor conducted the 2024 Q2 audit report.	No opinion
2024.11.12 Audit Committee	Chief internal auditor conducted the audit report for 2024 Q3. The Company's 2025 audit plan.	No opinion

- (4) The summary of communications between independent directors and the CPAs and the results of the communications in 2024 is as follows:

Date	Communication matters	Result of communication
2024.03.14 Audit Committee	CPAs explained the status and results of the audit of the 2023 financial statements, and discussed about the application of some accounting principles and the impact of the newly amended laws and regulations.	No opinion

(III) Corporate Governance – Implementation Status and Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies and the Reasons

Evaluation Items	Operation status (Note)			Any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies, and the reason for any such deviation
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance best-practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies?	Yes		The Company's "Corporate Governance Best Practice Principles" was re-established with the resolution of the Board of Directors on March 17, 2023, and is disclosed on the Company's website and MOPS.	No significant difference
II. The Company's shareholding structure and shareholders' rights and interests	Yes			
(I) Does the Company establish internal operating procedures to handle shareholders' suggestions, doubts, disputes and litigation matters and implement them in accordance with the procedures?	Yes		In order to protect the rights and interests of shareholders, the Company has appointed a spokesperson and an acting spokesperson, and a dedicated unit is responsible for shareholders' suggestions, questions, disputes and litigation matters.	No significant difference
(II) Does the Company keep track of the list of major shareholders who actually control the Company and the ultimate controllers of such major shareholders?	Yes		The Company keeps abreast of the actual control list at any time through the insiders (directors, supervisors, managers and major shareholders holding 10% of the shares) reporting the change of shareholding and the shareholder roster provided by the stock agency.	No significant difference
(III) Has the Company established and implemented risk control and firewall mechanisms with its affiliates?	Yes		The authority and responsibility for the asset and financial management between the Company and its affiliates are very clear and are handled in accordance with the relevant regulations.	No significant difference
(IV) Does the Company establish internal regulations to prohibit insiders from trading securities using undisclosed information in the market?	Yes		The Company has established the "Management Procedures for Prevention of Insider Trading" and has indeed communicated to the insiders to strictly follow.	No significant difference
III. Composition and duties of the Board of Directors	Yes			
(I) Does the Board of Directors formulate and implement a diversity policy for the composition of members?	Yes		The Company has established the "Corporate Governance Best Practice Principles" and the "Regulations Governing the Election of Directors and Independent Directors" to stipulate that the composition of the board of directors should be diversified and to formulate an appropriate diversity policy based on the Company's own operations, business models and development needs. Board members should generally have the knowledge, skills, and literacy necessary to perform their duties in order to achieve the ideal goals of corporate governance.	No significant difference
(II) In addition to the Remuneration Committee and the Audit Committee, has the Company established other functional committees voluntarily?	Yes		The Company has appointed the Remuneration Committee and the Audit Committee in accordance with the law. The establishment of other functional committees is based on the actual needs of the Company.	No significant difference
(III) Has the Company established rules and methods for evaluating the performance of the Board of Directors, and conducts annual performance evaluations regularly and reports the results of the performance evaluations to the Board of Directors, and uses them as a reference for individual directors' remuneration and nomination?	Yes		On March 15, 2021, the Board of Directors passed a resolution to establish the "Board of Directors Performance Evaluation Measures." The scope of evaluation includes the performance evaluation of the entire Board of Directors, individual board members and functional committees. The evaluation results are submitted to the Remuneration Committee for analysis and then reported to the Board of Directors and used as a reference for individual directors' remuneration and nomination for re-election.	No significant difference

Evaluation Items	Operation status (Note)			Any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and the
	Yes	No	Summary description	
(IV) Does the Company regularly assess the independence of the CPAs?	Yes		<p>The Audit Committee of the Company regularly evaluates the independence of the certified public accountants every year and then submit the evaluation results to the Board of Directors. The 2024 assessment was approved by the Audit Committee on 2024.3.12 and passed by the Board on 2024.3.12.</p> <p>The evaluation mechanism is as follows:</p> <ol style="list-style-type: none"> 1. Confirm that the Company's CPAs are not related parties to the Company and its directors. 2. Comply with the provisions of the Corporate Governance Best Practice Principles and manage the rotation of CPAs. 3. Require CPAs to provide a "Declaration of Independence" and follow the "Audit Quality Indicator Disclosure Template" published by the Financial Supervisory Commission, which covers professionalism, independence, quality control, supervision and innovation capability. 4. Obtain the "Declaration of Independence" issued by the CPAs on a regular basis. 5. Evaluation of the independence of CPAs for the 2024 financial statements (Note 2) <p>Evaluation results: After performing the above evaluation and obtaining the CPA Declaration of Independence, the two CPA met the evaluation standards for independence and suitability, and the reliability of the audit services provided was intact.</p>	No significant difference
IV. Whether the listed company appoints competent and appropriate corporate governance personnel and appoints a corporate governance officer to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information needed to perform their duties, assisting directors and supervisors in compliance laws, handling matters related to the Board of Directors and Shareholders' Meetings in accordance with the law, and preparing minutes of the Board of Directors and Shareholders' meetings)?	Yes		The Company has a corporate governance officer and corporate governance staff responsible for providing information needed by the board of directors and functional committees to carry out their duties, handling matters related to the board of directors and shareholders' meetings in accordance with the law, handling company registration and change registration, preparing minutes of shareholders' meetings and more.	No significant difference
V. Does the Company create channels for communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder section on the Company's website and appropriately respond to important corporate social concerns of stakeholders responsibility issues?	Yes		The Company maintains smooth communication channels with its stakeholders, including shareholders, employees, customers, suppliers and other stakeholders.	No significant difference
Evaluation Items	Operation status (Note)			Any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and the
	Yes	No	Summary description	
VI. Does the Company appoint a professional shareholder service agency to handle shareholders' meeting affairs?	Yes		The Company's Shareholders' Meeting has been appointed to the "Stock Affairs Agency Department of Yuanta Securities Co., Ltd."	No significant difference
VII. Information Disclosure (I) Does the Company set up a website to disclose financial, business and corporate governance information?	Yes		The Company's website (www.twphonic.com) discloses information on finance, business, corporate governance and shareholders' meetings on a regular and irregular basis.	No significant difference

(II)	Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	Yes		The Company has appointed a spokesperson and an acting spokesperson to implement the spokesperson system. The investor conference is not convened on a regular basis.	No significant difference
(III)	Does the Company announce and report the annual financial statements within two months after the end of the fiscal year and announce and report the financial statements for the first, second, and third quarters and the operating status of each month before the prescribed deadline?		No	The Company currently does not announce and report annual financial statements within two months after the end of a fiscal year; however, the annual, first, second, and third quarter financial statements and monthly operating conditions are announced and reported well in advance of the prescribed deadline.	The Company will carefully evaluate the feasibility of announcing and reporting the annual financial report within two months after the end of the fiscal year.
VIII.	Does the Company have other important information that is helpful to understand the implementation of corporate governance (including but not limited to employees' rights and interests, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education status, risk management policies and risk measurement standards, implementation of customer policies and purchase of liability insurance for directors and supervisors)?	Yes		<ol style="list-style-type: none"> 1. The Company spares no effort to protect the rights and interests of employees, employee care, investor relations, supplier relations and stakeholders' rights. 2. Continuing education of directors: The Company actively encourages directors to participate in professional knowledge courses. 3. Implementation of customer policy: The quality policy upheld by the Company is based on the investigation, continuous improvement, full participation and customer focus. 4. The Company purchases liability insurance for directors every year, and regularly reports the insurance period, insured amount and other relevant insurance policy details to all directors at the board meeting. 	No significant difference
IX.	<p>Please describe the improvements made based on the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose enhancement measures and measures for the matters that have not yet been improved.</p> <p>The Company is committed to strengthening corporate governance and continues to improve its unscored areas. The specific enhancements and measures in the near future are:</p> <ol style="list-style-type: none"> 1. The Company has established a corporate governance webpage in 2022 to provide investors and shareholders with more convenient access to corporate governance and financial information. 2. The Company has successively completed the corporate governance-related regulations to implement the spirit of corporate governance. 				

Note 1: The state of operations, no matter if "Yes" or "No" are checked, should be stated in summary description.

Note 2: Evaluation items for the independence of CPAs for the 2024 financial statements.

Evaluation content of independence and competence		Evaluation results	
Item No.	Description	Yes	No
I.	If the commissioned CPAs have direct or material indirect interests in the matters that affect their impartiality and independence, they should recuse themselves from the audit.	Yes	
II.	The audit or review of financial statements is intended to provide a wide range of potential users with high or moderate, but not absolute, assurance. In addition to maintaining substantive independence, it is even more important for the accountant to maintain formal independence. Therefore, it is necessary to assess whether the members of the audit service team, other co-practicing accountants, the firm itself, and its affiliated entities all maintain independence in relation to the Company.	Yes	
III.	Are the Company's commissioned CPAs compliant with the following principles? (1) Integrity: CPAs shall perform their professional services with integrity and a rigorous attitude. (2) Objectivity: CPAs shall maintain a fair and objective stance when providing professional services and avoid conflicts of interest that could impair their independence. (3) Independence: CPAs shall maintain both formal and substantive independence when auditing or reviewing financial statements and express their opinions impartially.	Yes	
IV.	Independence is affected by self-interest, which refers to the financial benefits obtained by the Company, or conflicts of interest with the Company due to other interests. Whether the following situations exist: (1) There is a direct or material indirect financial interest relationship with the Company. (2) There is financing or guarantee with the Company or its directors and supervisors. (3) Considering the possibility of the Company's loss. (4) The Company has a close business relationship with the Company. (5) There is a potential employment relationship with the Company. (6) Contingent fees related to the Company's investigation cases.	Yes	
V.	Independence may be compromised by self-review threats, such as when the reports or judgments issued by CPAs in performing non-audit services become a significant basis for their audit or review conclusions of financial information; or when members of the audit engagement team have served as directors, supervisors, or held positions with significant influence over the audit matters of the Company. Whether the following situations exist: (1) Any member of the audit engagement team currently serves or has served within the past two years as a director, supervisor, manager, or in any position that has significant influence over the audit matters of the Company. (2) Non-audit services provided to the Company directly affect significant areas of the audit engagement.	Yes	
VI.	Independence is undermined by the defense of the Company's position or opinions, which causes members of the audit service team to become doubtful about their objectivity. Whether the following situations exist: (1) Promoting or distributing the shares or other securities issued by the Company. (2) Serves as the Company's defense attorney or coordinates with other third parties in the event of conflict.	Yes	
VII.	The impact of familiarity on independence refers to situations where close relationships with the Company's directors, supervisors, or managers may lead accountants or audit engagement team members to become overly sympathetic to or aligned with the interests of the Company. Whether the following situations exist: (1) Having a familial relationship (within close degrees of kinship) with the Company's directors, supervisors, managers, or personnel in positions with significant influence over the audit. (2) A former co-practicing CPA who left the firm within the past year now serves as a director, supervisor, manager, or in a position with significant influence over the audit matters of the Company. (3) Receiving gifts or gratuities of substantial value from the Company or its directors, supervisors, or managers.	Yes	
VIII.	Forced to comply with the Company's rules, members of the audit service team are subject to or feel intimidation from the Company, which makes them unable to maintain objectivity and clarify their professional skepticism. Whether the following situations exist: (1) The CPA is required to accept the improper selection of accounting policies or improper disclosure of financial statements by the management. (2) In order to reduce public expenses, the Company applies pressure to the CPAs, so that they do not perform the audit work that should be performed.	Yes	
IX.	The members of the accounting firm and the audit service team are responsible for maintaining the independence, and when maintaining the independence, the content of the work shall be considered whether there is any impact on the independence, and the aforementioned impact or the measures that can reduce to an acceptable level shall be eliminated.	Yes	
X.	When it is confirmed that the impact on the independence is significant, whether the Company, the accounting firm and the members of the audit service team have adopted appropriate measures to eliminate the impact or reduce it to an acceptable level, and record the conclusion.	Yes	
XI.	If the Company, its firm and members of the audit service team do not take any measures or the measures adopted cannot effectively eliminate the impact on the independence or reduce to an acceptable level, whether a replacement of the CPA should be made to maintain the independence.	Yes	
XII.	Whether the person is qualified as an accountant may be used to perform the accountant business.	Yes	
XIII.	No disciplinary penalty imposed by the competent authority and the CPA Association, or any penalty imposed in accordance with Article 37, Paragraph 3 of the Securities and Exchange Act.	Yes	
XIV.	Whether the Company has the knowledge of the relevant industries.	Yes	
XV.	Whether the Company performs the audit of financial statements in accordance with the generally accepted auditing standards and the Rules Governing Auditing and Attestation of Financial Statements by Certified Public Accountants.	Yes	
XVI.	Do not use the position of an accountant to engage in improper competition in the industry and commerce.	Yes	

After performing the above evaluation and obtaining the CPA Declaration of Independence, the two CPA met the evaluation standards for independence and suitability, and the reliability of the audit services provided was intact.

(IV) If the Company has a remuneration committee, it shall disclose its composition, responsibilities and operations:

1. Information on members of the Remuneration Committee

Conditions		Professional qualifications and experience	Status of independence	Number of other public companies serving as Remuneration Committee member concurrently
Identity	Name			
Independent Director (Convener)	Huang Hao-Chieh	Work experience in commerce, law, finance, accounting, or corporate operations. Professional and technical personnel who have passed the national examination for certified public accountants and obtained certificates. Main experience (academic) 1. Department of Accounting, Soochow University 2. Master of Accounting, Tamkang University 3. Master of Technology Management, University of Illinois Urbana-Champaign 4. Director, Audit Department, PwC Taiwan	Complies with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" regarding independence and Article 4 regarding the limitation on concurrent directors: (1) Neither the spouse nor any relative within the second degree of kinship serve as a director, supervisor or employee of the Company or any of its affiliates.	None
Independent Director	Chiu Li-Mei	Work experience in commerce, law, finance, accounting, or corporate operations. Professional and technical personnel who have passed the national examination for certified public accountants and obtained certificates. Main experience (academic) 1. Vice Assistant Vice President, Finance Department, POU CHEN CORPORATION 2. Senior Manager, Financial Accounting Dept., Motech Industries, Inc. 3. Assistant Vice-President, Audit Department, KPMG Taiwan	(2) The person himself/herself, his/her spouse, or a relative within the second degree of kinship (or in the name of another person) does not hold any shares of the Company. (3) Not serving as a director, supervisor or employee of a company specifically related to the Company.	None
Independent Director	Yao Shun-Yen	Work experience in commerce, law, finance, accounting, or corporate operations. Main experience (academic) 1. Supervisor of ENTIRE TECHNOLOGY CO., LTD. 2. Strategic Consultant, Boston Consulting Group 3. Project Manager, Taiwan Semiconductor Manufacturing Company Limited 4. MBA, Lausanne School of Management	(4) No amount of remuneration received from providing commercial, legal, financial and accounting services to the Company or its affiliates in the last two years.	1

2. Duties of the Remuneration Committee

The Committee shall exercise the care of a good administrator and faithfully perform the following duties, and submit its recommendations to the Board of Directors for discussion.

- (1) Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers.

- (2) Assess and determine the remuneration to directors and managers on a regular basis.

When performing the functions and powers in the preceding paragraph, the Committee shall follow the following principles:

- (1) The performance evaluation and remuneration of directors and managers shall be based on the general payment level of the industry, and the reasonableness of the association with individual performance, the Company's operating performance and future risks.
- (2) Directors and managers should not be induced to engage in behaviors that exceed the Company's risk appetite in order to seek remuneration.
- (3) The percentage of bonuses for directors' and senior managers' short-term performance and the timing of the payment of some of the variable salaries shall be determined in consideration of the characteristics of the industry and the nature of the Company's business.

3. Information on the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) The term of office of the current members: June 21, 2024 to June 20, 2027. The Remuneration Committee met 2 times (A) in the most recent year. The qualifications and attendance of members are as follows:

Job Title	Name	Number of attendances in person (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Huang Hao-Chieh	1	0	100%	2024.6.21 New members appointed by the Board of Directors
Committee members	Chiu Li-Mei	2	0	100%	2024.6.21 New members appointed by the Board of Directors
Committee members	Yao Shun-Yen	2	0	100%	2024.6.21 New members appointed by the Board of Directors
Committee members	Lin Ying-Che	1	0	100%	Discharged on 2024.6.21

Other information to be disclosed:

- I. If the Board of Directors rejects or modifies the suggestions of the Remuneration Committee, please describe the date and session of the Board of Directors, the contents of the motion, the resolution of the Board of Directors and the Company's handling of the Remuneration Committee's opinions: None.
- II. If a member has a dissenting or qualified opinion on a resolution on the resolution of the Remuneration Committee and it is on record or stated in a written statement, specify the Remuneration Committee date, session, content of the motion, all members' opinions, and how they were handled: none.

(3) The Remuneration Committee's discussion of matters and resolutions, and the Company's handling of the members' opinions.

Meeting date	Proposal Content	Resolution of the Remuneration Committee	The Company's handling of the opinions of the Remuneration Committee
2024.3.14	Resolution on the 2023 Board Director and Employee Remuneration of the Company	Agreed by all attending members	Approved by all directors present at the Board meeting
2024.11.12	Propose the remuneration to the President of the Company. Remuneration items to be implemented in 2025.	Agreed by all attending members	Approved by all directors present at the Board meeting

(V) The implementation of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Items to be promoted	Status of implementation			Any deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary description	
I. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development, with senior management authorized by the board of directors to handle and supervised by the board of directors?	Yes		<ol style="list-style-type: none"> The Company's Board of Directors approved the establishment of the Organizational Rules of the Sustainable Development Team, the preparation of the Sustainable Development Report, the assurance process and the Act Governing the Management of Sustainable Information on November 12, 2024. The Company established a sustainable team on November 12, 2024. The Chairperson of the board of directors of the Company is the team leader. The team may have one executive secretary to assist in the team's affairs. The team also has corporate governance, sustainable environment and social welfare groups. The members of each team are appointed by the team leader to be the head of the responsible department or a colleague. The task force shall perform the following duties with the due care of a prudent manager, and shall report to the Board of Directors: <ol style="list-style-type: none"> Formulation, promotion and strengthening of the Company's sustainable development policy, annual plan and strategy, etc. Review, track and revise the implementation of sustainable development and results. Supervision of the disclosure of sustainable information and review of the sustainable report. Supervising the implementation of the Company's business or other matters related to the sustainable development resolved by the Board of Directors. A total of 2 sustainability development meetings were held in 2024. <ol style="list-style-type: none"> Planning of material topic identification and task force operation schedule for the 2024 Sustainability Report. Confirmation of material topics for the Sustainability Report. 	No significant difference
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies?	Yes		<ol style="list-style-type: none"> The disclosure and risk assessment boundaries are based on the parent company only company as the main entity for the sustainable development performance from January to December 2023. The Sustainable Development Team analyzes and evaluates ESG topics that are material based on the principle of materiality of the sustainability report. The team effectively identifies, measures, evaluates, supervises and controls risk management policies and adopts concrete action plans to reduce the impact of related risks. 	No significant difference
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	Yes		The raw materials currently used have complied with the EU directive (RoHS).	No significant difference

Items to be promoted	Status of implementation			Any deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary description	
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	Yes		<p>1. In the implementation of business activities, we comply with relevant environmental protection laws and regulations to properly protect the environment in order to achieve the goal of environmental sustainability.</p> <p>2. We are committed to improving the efficiency of the utilization of various resources, and use of recycled materials with lower impact on the environment, to achieve sustainable utilization of the earth's resources.</p>	No significant difference
(III) Has the Company assessed the potential risks and opportunities posed by climate change to the Company at present and in the future, and taken relevant countermeasures?	Yes		The Company was established to promote the development of a circular economy, pays great attention to issues related to climate change, and encourages the reuse of resources in its daily office environment.	No significant difference
(IV) Has the Company kept statistics on its greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation, carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?	Yes		Greenhouse gases pose severe challenges to the Earth's ecology. As part of the industry supply chain, the Company regularly conducts surveys on the company's carbon emissions, and screens for improvements that can be energy-saving and carbon-reducing, reduce resource consumption, and contribute to the reduction of greenhouse gases contribution.	No significant difference
IV. Social Issues				
(I) Does the Company establish relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	Yes		In accordance with the Labor Standards Act and other relevant laws and regulations, the personnel management rules and employee work rules are formulated, and labor insurance, health insurance and pension matters for employees are handled according to laws.	No significant difference
(II) Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits), and appropriately reflect the business performance or results in the employee remuneration?	Yes		<p>Employee remuneration policy: The policy is determined based on individual ability, contribution to the Company, performance, competitiveness, and considering the Company's future operational risks. According to Article 28 of the Company's Articles of Incorporation, if the Company makes a profit in the year, it shall allocate no less than 2% as employee's remuneration and no more than 1% as directors' remuneration, which shall be distributed in shares or cash by resolution of the board of directors. The employees of the affiliated companies of the Company who meet certain criteria are also eligible for payment.</p> <p>Employee welfare: The Company established an Employee Welfare Committee in 1985 (approved by Taipei City Official Letter Bei-Shi-Zhi-Fu-Zi No. 662 on November 8, 1985) to plan and provide quality benefits for employees. These include travel subsidies, birthday gatherings, wedding allowances, childbirth allowances, funeral allowances, and complimentary health check-up programs. In terms of the leave system, in addition to regular two-day weekends, employees are granted special leave that exceeds the standards set by the Labor Standards Act. Employees experiencing needs such as childcare, serious illness, or major personal events may apply for unpaid leave. After the leave period ends, they may apply for reinstatement, balancing personal and family care needs.</p> <p>Workplace Diversity and Equality: The Company ensures equal pay for equal work and equal promotion opportunities for both men and women, thereby fostering inclusive and sustainable economic growth.</p>	No significant difference

Items to be promoted	Status of implementation			Any deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary description	
(III) Does the Company provide employees with a safe and healthy work environment, and provide employees with safety and health education on a regular basis?	Yes		Occupational safety and health policy: The Company follows the Occupational Safety and Health Act and respects the requirements of relevant stakeholders on occupational safety and health to build a healthy and happy workplace. The Company's core philosophy is disaster prevention and disaster prevention. It uses appropriate management tools and mature technology and available resources to integrate occupational safety and health issues in the operations of its business locations, propose effective response measures, continue to refine and promote the occupational safety culture, strengthen the protection management of the operators, and invest resources to strengthen the prevention of occupational disease, in order to create a zero-disaster environment. The Company has completed the fire safety drill and inspection of the public building on December 20, 2023. The public building is in compliance with relevant laws and regulations, and there is no fire incident in 2024.	No significant difference
(IV) Has the Company established an effective career development training program for its employees?	Yes		The Company provides relevant professional education and training to enrich the career skills of employees. The Company also encourages employees to evaluate their own interests, skills, values and goals and communicates personal career intentions with managers to plan future career plans. The Company plans comprehensive competency training for all levels of supervisors and employees based on business operations, business directions and forward-looking development in the future. The training includes new employee training, professional training, and supervisor training. The Company assists employees to continue to learn and grow through diversified learning methods, and introduces the concept of corporate ethics to develop relevant training courses to train employees in key abilities. In 2024, the total number of hours of career training was 62 hours, and the total number of hours of external training was 34 hours, for a total of 96 hours of annual training hours. At the annual performance interviews, the managers and employees discuss and set up the personal annual ability development plan. Through regular reviews and feedback, the employees help to tailor the best development plan.	No significant difference
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services and establish relevant policies and complaint procedures to protect consumers' or customers' rights and interests?	Yes		<ol style="list-style-type: none"> 1. The Company complies with the "Consumer Protection Act" and upholds product responsibility and marketing ethics and implements consumer rights policies. 2. The Company follows government regulations and industry-related norms to ensure the quality of products and services. 3. The Company follows government regulations and relevant international standards in the marketing and advertising of products or services and promises not to deceive, mislead, commit fraud or any other behavior that damage consumer trust or damage consumer rights. 	No significant difference

Items to be promoted	Status of implementation			Any deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary description	
(VI) Does the Company establish a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health or labor human rights and the implementation status thereof?	Yes		1. The Company has included "environmental safety and health status" as one of the inspection items in the supplier on-site evaluation form. 2. The contracts signed between the Company and the suppliers contain clauses that provide for the termination or rescission of the contracts by the Company in the event of a breach of social responsibility or other circumstance with significant adverse impact on the society.	No significant difference
V. Does the Company prepare reports disclosing the Company's non-financial information, such as the Sustainability Report, with reference to international reporting standards or guidelines? Has the said reports been certified or guaranteed by a third-party verification unit?	Yes		According to the sustainable development roadmap for TWSE/TPEX-listed companies, the Company will complete the 2024 sustainable report declaration in August 2025. The 2024 Sustainability Report has not been certified or assured by a third-party verification unit.	No significant difference
VI. If the Company has established its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the current practices and any deviations from the Principles established: <input type="checkbox"/> In order to fulfill its corporate social responsibility and promote economic, environmental and social progress and achieve the goal of sustainable development, the Company refers to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies for the establishment of the Principles.				
VII. Other important information helpful to understand the implementation of corporate social responsibility: <input type="checkbox"/> Environmental protection, safety and health: the Company maintains high service quality, not only helping customers improve the service life of the work pieces and improving the processing quality, but also reducing the consumption of the earth's resources. With the goal to fulfill the corporate social responsibility and commitment and the goal of sustainable operation, we promote environmental protection, continue to improve the waste generated by the production process, and reduce the environmental impact of the company's products, activities, and services, in order to achieve pollution prevention purpose.				

1 Implementation of Climate-Related Information

Item	Status of implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	<p>The climate change related issues in all areas are integrated by the sustainable development team to formulate the preliminary response policy.</p> <p>The Company established a sustainable development team on November 12, 2024. The Chairperson of the board of directors of the Company is the team leader. The team may have one executive secretary to assist in the team's affairs. The team also has corporate governance, sustainable environment and social welfare groups. The members of each team are appointed by the team leader to be the head of the responsible department or a colleague.</p> <p>The annual report is prepared to disclose the current status and implementation results, and is reported to the Chairman. The Chairman leads the Company to shape a corporate culture that values climate issues, and to demonstrate the Company's determination to the global warming, which is a common line of defense between the regional and international organizations.</p>
2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-term, medium-term, and long-term).	<p>In the short term, climate-related risks and opportunities will not have a significant impact on the Company's industry. However, the impact of climate issues will deepen year by year from a long-term perspective. Therefore, the TCFD-related financial disclosure discussion meeting was convened by the Sustainable Development Team to identify the Company's major risk issues, in order to ensure that the Company can respond to possible future changes and grasp opportunities. As the current climate issues have not yet been quantified in terms of financial impact, the Company has not yet formulated a clear strategy for the medium and long term, but only planned the response measures for major risks in the short term. However, the Company will combine environmental goals based on the material topics in the sustainable report as the direction of deployment. The Company has a 10-year business plan, which is defined as short-term for 1-3 years, mid-term for 4-6 years, and long-term for 7-10 years.</p>
3. Describe the financial impact of extreme climate events and transformation actions.	<p>The increased frequency of typhoons and heavy rains due to the increase in extreme weather events may cause warehouse flooding and financial losses. The Company has promoted the concept of disaster prevention and formulated a response policy, so the overall operating risks have been reduced to a manageable level. The regional countermeasures are to implement regular cleaning and maintenance of the building and drainage system, and establish emergency response measures to reduce immediate risks.</p>
4. Describe how climate risk identification, assessment, and management processes can be integrated into the overall risk management system.	<p>The risk identification, assessment and management procedures for all areas are as follows:</p> <ol style="list-style-type: none"> 1. The dedicated team for sustainable development has completed the collection of background information. 2. The climate risk and opportunity list has been established to fully cover transformation risks (policies and regulations, technology, market, reputation), physical risks (immediate risks, long-term risks) and opportunities (resource efficiency, energy sources, products/services, market, resilience). 3. The "TCFD Climate Change Related Financial Disclosure Discussion Meeting" was held by the Sustainable Development Team to call on all relevant personnel from various units to discuss and identify the items on the list. 4. Analysis of operational impacts, and formulation of corresponding execution strategies and goals. 5. Through meetings, the Company reviews the implementation status and current results every year to make adjustments and improvements. 6. The Company continues to track and monitor climate change risks throughout the region, and collects data and determines risk levels for management. The risk management system for the entire region is planned for 2024, and will be revised and incorporated into the operations of each department in 2025.
5. If a scenario analysis is used to evaluate the resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be stated.	<p>Although no 2°C or more extreme scenario simulations have been conducted globally, the Company still referred to the TCFD scenario analysis and compiled climate-related physical risks, transition risks, and opportunities relevant to its business characteristics. These items were documented and discussed during the Sustainable Development Task Force meetings. The Company assessed the scenarios outlined in the TCFD framework based on two dimensions: likelihood of occurrence and level of impact, and also reviewed TCFD reports from industry peers. This process ultimately led to the identification of key climate risks and opportunities relevant to the Company's operational scope.</p>
6. If there is a transformation plan in response to the management of climate-related risks, describe the contents of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	<p>The risks deriving from climate change are assessed by the dedicated team for sustainable development annually in all areas, including the risks deriving from climate change.</p> <ol style="list-style-type: none"> (1) Changes in regulations, local government policies and cost and expense. (2) Greenhouse gas emission disclosure and reduction. (3) Impact of extreme weather on upstream and downstream transportation Identify the source of risks, analyze risks, assess risks, and handle risks, and continue to improve and find opportunities in the middle.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	<p>The Company has not yet used the internal carbon pricing as the planning tool.</p>
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each	<ol style="list-style-type: none"> 1. The Company plans to introduce ISO 14064-1:2018 in 2025 to promote the greenhouse gas emission inventory. 2. Based on the results of the inventory, set the annual energy consumption standard value, and improve and review the energy consumption status annually. Budgets for energy-saving

year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	equipment or renewable energy are allocated in a manner that reduces energy consumption and minimizes negative impacts on the environment.
9. Greenhouse gas inventory and assurance, reduction goals, strategies and concrete action plans	<p>The minimum scope of assurance in accordance with the Roadmap for the Sustainable Development of TWSE/TPEX Listed Companies:</p> <ol style="list-style-type: none"> 1. The parent company only company shall disclose the reduction target, strategy and concrete action plan for 2027 and start to implement the assurance in 2027. 2. The subsidiaries in the consolidated financial statements shall start to execute the assurance in 2028.

(VI) The state of the company's performance in the area of ethical corporate management, any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, and the reason for any such deviation:

Evaluation Items	Status of Operation			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation:
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and plans	Yes		The Company cooperates with the government to actively promote and advocate the core values of ethical corporate management and integrity, and revised the "Ethical Corporate Management Best Practice Principles" of the Company on March 17, 2023 with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" to align with the practical operation and complete the code of conduct of the Company. The Principles were approved by the Board of Directors and the 2023 General Shareholders' Meeting.	No significant difference
(I) Has the Company formulated the ethical management policies approved by the board of directors, and stated in the articles of incorporation and external documents the policies and practices of operating in good faith, and the commitment of the board of directors and senior management to actively implement the ethical management policies?				
(II) Whether or not the Company has established an assessment mechanism for the risk of unethical conducts, regularly analyzes and assesses the business activities with higher risks of unethical conducts within the business scope, and formulates prevention programs accordingly, covering Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?"	Yes		From time to time, the Company advocates that all employees should promptly notify the management of any violation of policies and ethical standards.	No significant difference
(III) Does the Company have the operational procedures, behavior guidelines, punishment and complaint systems clearly defined in the program to prevent unethical conduct and implemented and the program is regularly reviewed and amended?	Yes		The Company has established a dedicated contact person, contact number and electronic whistle-blowing mailbox. Any alleged unethical practices of the Company's personnel will be handled by a dedicated unit in accordance with the complaint procedures of the "Ethical Corporate Management Best-Practice Principles."	No significant difference
II. Implementing ethical corporate management	Yes		The Company's correspondence on business activities or the signing of contracts with others must be countersigned by the relevant authorities for review and approved by the person with authority, in order to maintain business activities with integrity.	No significant difference
(I) Does the Company evaluate the ethical records of its trading counterparts and specify the ethical conduct clauses in the contracts signed with its trading counterparts?				
(II) Has the Company set up a dedicated unit under the Board of Directors to promote corporate ethical management and has it reported to the Board of Directors regularly (at least once a year) on the implementation of ethical management policies and prevention of unethical conducts and the supervision of such units?	Yes		The Company cooperates with the government to actively promote and advocate the core values of ethical corporate management and integrity, and revised the "Ethical Corporate Management Best Practice Principles" of the Company on March 17, 2023 with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" to align with the practical operation and complete the code of conduct of the Company. These principles have been approved by the 2023 Annual General Meeting of Shareholders.	No significant difference
(III) Has the Company established policies to prevent conflicts of interest, provided appropriate channels of expression, and	Yes		Members of the Board of Directors and managers shall not participate in the decision-making or voting if there is any potential conflict of interest in the decision or	No significant difference

Evaluation Items	Status of Operation			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such deviation:
	Yes	No	Summary description	
substantiated the policies?			transaction.	
(IV) Has the company established an effective accounting system and internal control system for the implementation of ethical corporate management, and instructed the internal audit unit to formulate relevant audit plans based on the risk evaluation results of the unethical conducts and checked the compliance of the plan in preventing unethical conduct accordingly or entrusted a CPA to perform the audit?	Yes		To ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system, and internal auditors regularly audit the compliance of each system.	No significant difference
(V) Does the Company organize internal and external training on ethical corporate management on a regular basis?	Yes		The Company pays attention to employees' implementation of the principle of integrity in their daily business. Promotional materials are sent via e-mail from time to time.	No significant difference
III. The operation of the Company's whistle-blowing system (I) Does the Company establish a specific whistle-blowing and reward system, establish a convenient channel for reporting and assign appropriate dedicated personnel to handle the reported subjects?	Yes		The Company has established the "Regulations for Reporting of Cases" and the whistleblower may report in writing, telephone, email or any other ways. Email for reporting: report@twphonic.com Hotline for reporting: 02-26592166 ext 114 Unit for accepting reported cases: the Company's Audit Office	No significant difference
(II) Does the Company establish standard operating procedures for the investigation of whistle-blowing matters, the follow-up measures to be taken after the investigation is completed and the related confidentiality mechanism?	Yes		The Company has established the "Procedures for Handling Reported Cases" for the handling of reported cases: I. Anonymous reporting: Anonymous reporting is not handled, but the content of the report may be investigated and the case may be handled separately, and the content of the report will be taken into consideration for internal review. II. Named reporting: The receiving unit shall clarify the intent and specific evidence of the report. If there is a suspicion of legal violation, unethical conduct, or dishonesty, the case should be handled with supporting evidence. III. The Company shall handle the whistle-blowing cases in a confidential manner and shall have the independent channels verified, in order to protect the whistle-blowers and keep the identity of the whistle-blowers strictly confidential. IV. If the whistleblower is a colleague, the Company guarantees that the colleague will not be subject to any improper treatment due to the whistleblower. V. To protect the rights of the person being reported and prevent retaliatory abuse, the Company will provide the accused an opportunity to respond. If necessary, a hearing may be convened by the Personnel Review Committee.	No significant difference
(III) Has the Company taken measures to protect the whistleblower from improper treatment due to their whistleblowing?	Yes		The Company has established the "Regulations Governing the Administration of Whistleblowing" to protect whistleblowers. The Company received 0 case of whistle-blowing in 2024.	No significant difference
IV. Strengthening information disclosure Does the company disclose the content of the ethical corporate management principles established by the Company on its website and the Market Observation Post System and the effectiveness of its implementation?	Yes		Integrity is the foundation of the Company's corporate culture, and the four core values "innovation, differentiation, value and high growth" are developed based on integrity. For related information, please refer to the business philosophy on the Company's website.	No significant difference
V. If the Company has established its own ethical corporate management best-practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies," please describe the current practices and any deviations from the Best-Practice Principles: <input type="checkbox"/> For the operation and implementation of the Company's ethical management, please refer this annual report, Corporate Governance Implementation and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx- Listed Companies and the reasons therefor.				
VI. Other important information helpful to understand the Company's ethical corporate management operations: (e.g., the circumstance in				

Evaluation Items	Status of Operation		Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such deviation:
	Yes	No	
which the Company is reviewing and amending its ethical corporate management best practice principles, etc.): <input type="checkbox"/> The Company takes integrity as its foundation and is committed to promoting the core values of integrity-based development within the Company, so that integrity can be deeply rooted in the behavior of each employee.			

(VII) Other information material to the understanding of corporate governance practices:

1. In 2024, the continuing education of the Company's directors in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE-Listed and TPEX-Listed Companies" is as follows:

Job Title	Name	Organizer	Training courses	Duration of Continuing Education
Independent Director	Huang Hao-Chieh	Securities and Futures Institute	Workshop for the Practice of Directors, Supervisors (including Independent Directors) and Corporate Governance Officers	12
Independent Director	Chiu Li-Mei	NATIONAL FEDERATION OF CERTIFIED PUBLIC ACCOUNTANT	ISO14064-1:2018 Organization Greenhouse Gas Internal Verification Personnel Training Course	14
Independent Director	Yao Shun-Yen	Accounting Research and Development Foundation	Common Deficiencies in Financial Statement Reviews and Practical Analysis of Key Internal Control Regulation	6
		Taiwan Corporate Governance Association	Perspectives on ESG Governance – From Knowing to Doing	3
Director	Yao Tian-Chi	Securities and Futures Institute	Carbon Trading Mechanisms and Applications in Carbon Management	3
Director	Chou Ching-Wen	Securities and Futures Institute	Intellectual Property Management – Focusing on Patents and Trade Secrets	3
Director	Wu Hsin-Kai	Securities and Futures Institute	Carbon Trading Mechanisms and Corporate Management Applications	3
Director	Chang Chi-Chin	Accounting Research and Development Foundation	Core Sustainability Courses for Directors and Supervisors of TWSE/TPEX Listed Companies	6

2. The continuing education of the Company's corporate governance officer in 2024 is as follows:

Job Title	Name	Organizer	Training courses	Duration of Continuing Education
Corporate governance Supervisor	Kao Wei-Hung	Securities and Futures Institute	Director and Corporate Governance Officer Training Series – ChatGPT and Emerging Industry Trends	3
		Securities and Futures Institute	Director and Corporate Governance Officer Training Series – Sustainable Development Strategies and Planning for TWSE/TPEX Listed Companies	3
		Securities and Futures Institute	Cyber Security Management Act and Case Studies on Sanctions by the Financial Supervisory Commission	3
		Taipei Exchange	Insider Shareholding Disclosure and Advocacy Seminar for TWSE/TPEX and Emerging Market Companies – Taipei Session	3

(VIII) Implementation of the internal control system

1. Declaration of Internal Control

PNC INTERNATIONAL INC. Declaration of Internal Control System

Date: March 12, 2025

Based on the results of the self-assessment, the Company only states the following for the internal control system in 2024:

- I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system is the responsibility of the Company's board of directors and managers. The Company has established such a system. The purpose is to provide reasonable support to the effect and efficiency of operations (including profitability, performance and protection of asset security), the reliability, timeliness and transparency of reporting, and compliance with the relevant laws and regulations. Guarantee.
- II. There are inherent limitations to an internal control system. No matter how well-designed, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals. Moreover, as the environment and circumstances change, the effectiveness of an internal control system may vary with such change. However, the Company's internal control system is equipped with a self-monitoring mechanism. The Company will take corrective action once a defect is recognized.
- III. The Company judges the effectiveness of the design and implementation of its internal control system in accordance with the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria for determining the internal control system adopted in the Regulations are based on the process of management control. The internal control system is divided into five elements: 1. Control environment; 2. Risk assessment; 3. Control operations; 4 Information and communications; 5. Supervision operations. Each component further includes several items. Please refer to the Regulations for details.
- IV. The Company has adopted the abovementioned criteria to assess the effectiveness of the design and execution of its internal control system.
- V. Based on the evaluation results of above paragraph, the Company believes that the design and implementation of the internal control systems (including the supervision and management of subsidiaries) of the Company as of December 31, 2024, including the internal control systems related to the understanding of the effectiveness of operation and the extent to which efficiency objectives have been achieved, the reliability, timeliness and transparency of reporting, and compliance with relevant norms, laws and regulations, are effective, which can reasonably ensure the achievement of the above objectives.
- VI. This statement shall be the main content of the Company's annual report and prospectus and shall be made public. Any unlawful act of fictitiousness or non-disclosure in the above-mentioned disclosure may result in legal liability under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. This Statement was approved by the Board of Directors in their meeting held on March 12, 2025, with none of the 7 attending directors expressing dissenting opinions and the remainder all agreeing to the content of this Statement.

PNC INTERNATIONAL INC.

Chairman: Yao Tian-Chi Signature and seal

President: Chou Ching-Wen Signature and seal

2. If an accountant is commissioned to examine the internal control system on a project basis, the accountant's review report shall be disclosed: None.

(IX) Important resolutions of the shareholder meeting and board meeting during the most recent year or during the current year up to the date of publication of the annual report:

1. Shareholders' Meeting

Date	Major resolutions and implementation	Resolution Result
2024.6.21 Shareholders' Meeting	<ol style="list-style-type: none"> 1. Ratification of the Company's 2023 earnings distribution proposal. 2. Ratification of the Company's 2023 earnings distribution proposal. 3. Ratification of the amendments to certain provisions of the Company's "Articles of Incorporation" <p>Implementation status: The follow-up announcement and declaration have been completed in accordance with the regulations and the registration change has been approved by the Taipei City Government on 2024/7/12.</p> <ol style="list-style-type: none"> 4. Approved the amendments to certain provisions of the Company's "Rules and Procedures of Shareholders' Meeting." <p>Implementation status: Uploaded to the MOPS and the Company's corporate governance website after the meeting.</p> <ol style="list-style-type: none"> 5. Approved the partial amendments to the "Procedures for Acquisition and Disposal of Assets" of the Company. <p>Implementation status: Uploaded to the MOPS and the Company's corporate governance website after the meeting.</p> <ol style="list-style-type: none"> 6. Approved the Company's proposal for 2024 private placement of ordinary shares. <p>Implementation status: Announcement and reporting have been completed in accordance with regulations after the meeting.</p> <ol style="list-style-type: none"> 7. Approved the full re-election of the Company's directors. <p>Implementation status: The follow-up announcement and declaration have been completed in accordance with the regulations and the registration change has been approved by the Taipei City Government on 2024/7/12.</p> <ol style="list-style-type: none"> 8. Approved the removal of non-competition restrictions imposed on directors and their representatives <p>Implementation status: The subsequent announcement and declaration have been completed in accordance with the regulations.</p>	Proposal Nos. 3 to 8 were approved by the attending shareholders.

2. Board of Directors

Date	Important resolution matters
2024.3.14	<ol style="list-style-type: none"> 1. The Company's 2023 business report. 2. The Company's 2023 financial statements. 3. The Company's 2023 earnings distribution proposal 4. Resolution on the 2023 Board Director and Employee Remuneration of the Company 5. The Company's 2023 internal control system statement. 6. Amendments to certain provisions of the Company's "Articles of Incorporation" 7. Proposal to discontinue the 2023 private placement of ordinary shares during the remaining term. 8. Appointment of CPAs for the 2024 financial statements and evaluation of the independence of CPAs. 9. Change of legal representative for the subsidiary Phonic Group, Ltd. (BVI). 10. The lifting of non-compete restrictions on the Company's managers. 11. Full re-election of the Company's directors 12. Removal of non-competition restrictions imposed on new directors and their representatives 13. Amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meetings" 14. Proposal for the date, place and convening of the 2024 general shareholders' meeting. 15. Related matters of accepting shareholder proposals for the general shareholders' meeting. 16. Related matters of the nomination of director candidates by shareholders at the general shareholders' meeting.
2024.4.26	<ol style="list-style-type: none"> 1. The Company's proposal for 2024 private placement of ordinary shares 2. Partial amendments to the "Procedures for Acquisition and Disposal of Assets" of the Company. 3. New matters for convening the 2024 annual shareholders' meeting. 4. Subsidiary Phonic Group, Ltd. Proposal Not to Reclassify Accounts Receivable from Sub-subsidiary Shenzhen Yiba Electronics Co., Ltd. as Loans
2024.5.8	<ol style="list-style-type: none"> 1. Review of the directors (including independent directors) candidate list and matters.
2024.5.14	<ol style="list-style-type: none"> 1. The Company's consolidated financial statements for 2024 Q1. 2. Partial Amendments to the Company's "Rules of Procedure for Board Meetings" and "Organizational Regulations of the Audit Committee". 3. Partial Amendments to the Company's "Procedures for Prevention of Insider Trading". 4. Repeal and Re-establishment of the Company's "Regulations for Related Party Transactions".
2024.6.21	<ol style="list-style-type: none"> 1. Election of the Chairman of the Board of Directors of the Company. 2. Appointment of the Company's Remuneration Committee members 3. The appointment of the Company's President. 4. The lifting of non-compete restrictions on the Company's managers.
2024.8.13	<ol style="list-style-type: none"> 1. The Company's consolidated financial statements for 2024 Q2.
2024.11.12	<ol style="list-style-type: none"> 1. The Company's consolidated financial statements for 2024 Q3. 2. The Company's 2025 audit plan. 3. Amendments to the Company's "Corporate Governance Best Practice Principles" and "Guidelines for the Establishment of the Board of Directors and the Exercise of Their Powers". 4. Proposal for the newly established "Sustainable Information Management Policy", "Organizational Charter for the Sustainable Development Task Force" and "Procedures for the Preparation and Assurance of the Sustainability Report". 5. Propose the remuneration to the President of the Company. 6. Remuneration items to be implemented in 2025.
2024.11.29	<ol style="list-style-type: none"> 1. Proposal for the Company to enter into a contract with a related party.

- (X) Where, during 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 a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: none.

IV. Public Fees of CPAs

(I) CPA fees:

Public Fees of CPAs						
Value: NTD Thousand						
Name of CPA Firm	Name of CPA	Audit period	Audit public expenditure	Non-audit fees	Total	Remarks
Crowe (TW) CPAs	Wang Chia-Hsiang	2024/01/01~ 2024/12/31	2,300	0	2,300	
	Toh Ching-Chuan					

- (II) When the CPA firm enters its rotation year and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed.
- (III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: none.

V. Information on the replacement of CPA: None.

VI. Information on the Company's Chairman, President or any managerial officer in charge of financial or accounting affairs at the accounting firm of the Company or its affiliates in the most recent year: None.

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

Changes in shareholdings of directors, supervisors, managers and major shareholders:

Job Title	Name	2024		As of April 17 of the current year	
		Increase (decrease) of shares held	Increase (decrease) in shares pledged	Increase (decrease) of shares held	Increase (decrease) in shares pledged
Corporate Director and Major Shareholder	Kang Jian Investment Co., Ltd.	0	0	0	0
Representative of juristic person director and Chairman	Yao Tian-Chi (Note 1)	0	0	0	0
Corporate Director Representative	Chou Ching-Wen (Note 1)	0	0	0	0
Corporate Director Representative	Wang Min-Lieh (Note 2)	0	0	0	0
Corporate Director Representative	Wu Hsin-Kai	0	0	0	0
Corporate Director Representative	Chang Chi-Chin (Note 3)	0	0	0	0
Independent Director	Lin Ying-Che (Note 2)	0	0	0	0
Independent Director	Huang Hao-Chieh (Note 3)	0	0	0	0
Independent Director	Chiu Li-Mei	0	0	0	0
Independent Director	Yao Shun-Yen	0	0	0	0

Note 1: Following the expiration of the Board's term on February 23, 2024, and the full re-election on June 21, 2024, the former Chairman, Chou Ching-Wen (representative of juristic person director Kang Jian Investment Co., Ltd.), stepped down and was succeeded by Yao Tian-Chi, also the representative of Kang Jian Investment Co., Ltd.

Note 2: The term of the Company's Board of Directors expired on February 23, 2024. The representative of juristic person director Kang Jian Investment Co., Ltd., Wang Min-Lieh, and Independent Director Lin Ying-Che were relieved of their duties after the re-election at the shareholders' meeting on June 21, 2024.

Note 3: The term of the Company's Board of Directors expired on February 23, 2024. The representative of juristic person director Kang Jian Investment Co., Ltd., Chang Chi-Chin, and Independent Director Huang Hao-Chieh were appointed following the re-election at the shareholders' meeting on June 21, 2024.

VIII. Relationship information, if among the top ten shareholders any one is a related party or a relative within the second degree of kinship of another

Relationship among the top ten shareholders

April 17, 2025

Name	Shares held by the owner		Shares held by spouse and underage children		Total Shares Held in the Name of Others		The names and relationships of the top ten shareholders who are related, spouse or relatives within second degree of kinship to each other.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or Name)	Relationship	
Kang Jian Investment Co., Ltd.	11,636,315	58.18%	0	0	0	0	None	None	
Kang Jian Investment Co., Ltd. Representative: Yao Tian-Chi	0	0	0	0	0	0	None	None	
Kang Jian Investment Co., Ltd. Representative: Chou Ching-Wen	0	0	0	0	0	0	None	None	
Kang Jian Investment Co., Ltd. Representative: Wu Hsin-Kai	0	0	0	0	0	0	None	None	
Kang Jian Investment Co., Ltd. Representative: Chang Chi-Chin	0	0	0	0	0	0	None	None	
Wang Min-Lieh	1,151,832	5.76%	0	0	316,442	1.58%	Rung Yi Investment Co., Ltd.	Chairman of the company	
TAIWAN POWDER TECHNOLOGIES CO., LTD.	1,104,555	5.52%	0	0	0	0	None	None	
Chuang Li-Wen	547,110	2.74%	0	0	0	0	None	None	
Rung Yi Investment Co., Ltd.	316,442	1.58%	0	0	0	0	Wang Min-Lieh	Chairman of the company	
Hsu Jun	363,132	1.82%	0	0	0	0	None	None	
Cao Jin-Ling	303,958	1.52%	0	0	0	0	None	None	
JihSun Investment Co., Ltd.	280,863	1.40%	0	0	0	0	None	None	
Chiang Cheng-Wen	273,219	1.37%	0	0	0	0	None	None	
Chang Chih-Hai	250,000	1.25%	0	0	0	0	None	None	

IX. Number of Shares Held by the Company, Its Directors, Managers, and Enterprises Controlled Directly or Indirectly by the Company in the Same Reinvestment Business and Its Consolidated Shareholding Percentage

Comprehensive shareholding ratio

Unit: shares; %

Reinvestments	The Company's investments		Directors, Supervisors, Managers, and Directly or Indirectly Controlling Businesses		Integrated investments	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Phonic Group, Ltd.	270,912	100%	-	-	270,912	100%
Shenzhen Yiba Electronics Co., Ltd.	-	100%	-	-	-	100%
EVERPOLL HEALTH PLUS WATER TECHNOLOGY, CO., LTD.	1,966,000	21.6%	2,242,600	24.64%	4,208,600	46.25%

Note: Investments accounted for using the equity method.

Three. Capital Overview

I. Capital and shares

(I) Source of share capital

1. Share capital formation process

Unit: NTD thousands; shares

Year/Month	Issuance price	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash as payment for share payment	Others
1973.03	10	100,000	1,000	100,000	1,000	Founding capital		
1976.09	10	500,000	5,000	500,000	5,000	Capital increase in cash by NT\$4,000 thousand		
1982.02	10	1,000,000	10,000	1,000,000	10,000	Capital increase in cash by NT\$5,000 thousand	-	-
1988.01	10	3,000,000	30,000	3,000,000	30,000	Capital increase in cash by NT\$20,000 thousand	-	-
1989.09	10	10,000,000	100,000	10,000,000	100,000	Capital increase in cash by NT\$70,000 thousand	-	-
1990.12	10	15,000,000	150,000	15,000,000	150,000	Capital increase in cash by NT\$50,000 thousand	-	-
2000.11	-	25,400,000	254,000	17,600,000	176,000	Capital increase of NT\$23,700 thousand from retained earnings Bonus to employees NT\$489 thousand Capital reserve NT\$1,811 thousand	-	Note 1
2001.11	-	25,400,000	254,000	20,361,500	203,615	Capital increase of NT\$26,400 thousand from retained earnings Bonus to employees: NT\$1,215 thousand	-	Note 2
2002.01	-	25,400,000	254,000	23,606,600	236,066	Capital increase of NT\$30,542 thousand from retained earnings Bonus to employees amounted to NT\$1,909 thousand	-	Note 3
2003.01	-	25,400,000	254,000	25,266,000	252,660	Capital increase of NT\$14,164 thousand from retained earnings Bonus to employees: NT\$2,430 thousand	-	Note 4
2004.01	-	38,000,000	380,000	29,025,240	290,252	Capital increase of NT\$35,372 thousand from retained earnings Bonus to employees: NT\$2,220 thousand	-	Note 5
2021.10	-	38,000,000	380,000	20,000,000	200,000	Capital reduction against losses of NT\$90,252 thousand	-	Note 6

Note 1: Approved by Tai-Cai-Zheng-(1) No. 71552 from Securities and Futures Commission, Ministry of Finance on 2000/8/21.

Note 2: Approved by (90) Tai-Cai-Zheng-(1)-Zi No. 154871 issued by Securities and Futures Commission of the Ministry of Finance on 2001/8/30.

Note 3: Approved by Tai-Cai-Zheng-(1)-Zi-0910140342 approved by Securities and Futures Commission, Ministry of Finance on 2002/7/19.

Note 4: Approved by Tai-Cai-Zheng-(1)-Zi No. 0920131650 issued by Securities and Futures Commission of the Ministry of Finance on 7/15/2003.

Note 5: Approved by Tai-Cai-Zheng-(1)-Zi 0930132149 of the Securities and Futures Bureau on 2004/07/19.

Note 6: Approved by Taipei Exchange Zheng-Kuei-Jien-Zhi 1100010853 on 2021/10/7.

2. Type of shares issued

Type of shares	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stock	20,000,000	30,000,000	50,000,000	The stock is listed under TPEx

3. Relevant information of shelf registration system: Not applicable.

(II) List of Major Shareholders

April 17, 2025

Name of major shareholder	Shares	Number of shares held	Shareholding ratio
Kang Jian Investment Co., Ltd.		11,636,315	58.18%
Wang Min-Lieh		1,151,832	5.76%
Taiwan Union Technology Corporation		1,104,555	5.52%
Chuang Li-Wen		547,110	2.74%
Hsu Jun		363,132	1.82%
Rung Yi Investment Co., Ltd.		316,442	1.58%
Cao Jin-Ling		303,958	1.52%
JihSun Investment Co., Ltd.		280,863	1.40%
Chiang Cheng-Wen		273,219	1.37%
Chang Chih-Hai		250,000	1.25%

(III) Company's dividend policy and implementation

1. The Company's dividends policy under the Articles of Incorporation:

The Company's dividend policy complies with the Company Act and the Articles of Incorporation and is prepared in response to the Company's capital planning to achieve stable business goals. The process, method and amount of future dividends distribution are as follows:

(1) Dividends distribution procedure:

In accordance with the Company Act, the Company's dividend distribution procedure shall take place at the end of each fiscal year. The Board of Directors, taking into account the Company's profitability and future operating needs, prepares the earnings distribution proposal and submits it to the shareholders' meeting for ratification.

(2) Dividends distribution method:

The Company will distribute dividends in three manners, namely, capitalization of earnings, capitalization of capital surplus and cash dividends.

(3) Dividend distribution policy:

The percentage of dividends distributed by the Company shall, in principle, be no less than 20% in cash and the rest paid in the form of stock dividends.

2. Dividend distribution proposed at the shareholders' meeting:

The Company's 2024 distribution of earnings was approved by the Board of Directors on March 12, 2025. In consideration of the Company's future operational development needs, it is proposed not to distribute earnings this year, and to retain NT\$21,758,219 from undistributed earnings at the end of the period.

(IV) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(V) Profit-sharing compensation of employees, directors, and supervisors

1. The percentages or ranges with respect to employee, director and supervisor profit-sharing compensation, as set forth in the company's articles of incorporation:
In accordance with Article 28 of the Company's Articles of Incorporation, no less than 2% of the current income before tax before deduction of the remuneration to the Company's employees and directors as the remuneration to directors and no more than 1% thereof as the remuneration to directors. However, if the Company still has accumulated losses (including the adjustment of the amount of undistributed earnings), it shall first retain the amount to offset it.
The remuneration to employees in the preceding paragraph may be paid in the form of shares or in cash, and the recipients of the payment may include the employees of the subordinate company who meet the conditions set forth by the Board of Directors. The remuneration to directors referred to in the preceding paragraph may only be paid in cash.
The preceding two paragraphs shall be implemented per resolution of the Board of Directors and reported to the shareholders' meeting.
2. The basis for estimating the amount of employee, director and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
If there is any discrepancy between the actual distributed amount and the estimated number, the difference is recognized as an expense for the year and the estimation method is reviewed.
3. Information on any approval by the board of directors of distribution of profit-sharing compensation:
 - (1) The amount of remuneration distributed to all employees, directors, and supervisors in cash or shares. If there is any discrepancy between the amount and the estimated amount of the expense recognized, the discrepancy, cause and treatment status shall be disclosed:
The Board of Directors of the Company approved not to appropriate employees' compensation and directors' remuneration for 2024, which is no different from the amount estimated in the year of recognition.
 - (2) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee profit-sharing compensation: The Company did not distribute stock to employees as remuneration.
4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number, amount and share price of shares distributed); if there is a difference from the recognized remuneration of employees, directors and supervisors, state the difference, the reason and the handling situation:
No difference.

(VI) Status of a company repurchasing its own shares: None.

II. Issuance of corporate bonds: Not applicable.

III. Disclosure of preferred shares: Not applicable.

IV. Global depository receipts: Not applicable.

- V. Issuance of employee stock options: Not applicable.**
- VI. Issuance of new restricted employee shares: Not applicable.**
- VII. Issuance of new shares in connection with the acquisition or transfer of shares of other companies: Not applicable.**
- VIII. Implementation of Capital Utilization Plan: Not applicable.**

Four. Operational Overview

I. Business Scope

(I) Scope of business

1. Main business activities:

CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
CC01080 Electronics Components Manufacturing.
F401010 International Trade.
F106010 Wholesale of Hardware.
F106020 Wholesale of Daily Commodities.
F113020 Wholesale of Electrical Appliances.
F206010 Retail Sale of Hardware.
F206020 Retail sale of daily commodities.
F213010 Retail Sale of Electrical Appliances.
ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Weight of business

Weight of business (2024)

Unit: NTD thousands

Product item	Amount	Weight of business (%)
Professional sound series products	31,208	71.50
Environmental Purification Series	8,460	19.38
Others	3,981	9.12
Total	43,649	100.00

3. The Company's current products

- (1) Professional sound series products
- (2) Environmental Purification Series

4. New products planned to be developed

- (1) Consumer products - sound toning circuit modules:
Transistor, vacuum tube and analog reel and tape recorders produced in different eras have their own classic and unique tones. In the real world, the warmth of traditional analog devices and the familiarity unique to tape machines cannot be reproduced through digital signal processing or frequency sampling. The integrated circuit developed by the Company can sense and analyze the input audio in real time, and skillfully restore the classic sound color, making the sound fuller and more immersive.

(2) Digital matrix processor for advanced engineering:

The digital matrix processor needs to have the ability to integrate the sound system in multiple areas and the intuitive graphic interface design is the key to the installation requirements in retail, education or various commercial environments. The user can configure, set up and manage the entire audio solution through the intuitive interface configuration of the software application. This series of R&D focuses can be divided into two categories. The first type has different digital audio processing and network expansion capabilities and the second type has built-in high-efficiency Class-D power amplifiers that can be used in concert tours or designed to overcome the implementation of commercial fixed installation of audio systems. This series has different output power and modularization and has flexible input and output connection capabilities for the installation environment.

(II) Industry overview

➤ Professional Audio Business:

1. Current status and development of the industry

For the purpose of adjusting the manufacturing structure and upgrade the technical level, the government has screened emerging industries that are suitable for the development of Taiwan based on the principles of market potential, added value, technical level and pollution level. Among them, the consumer electronics industry is one of them; their four major categories are audio products, video products, other consumer electronics and important precision components.

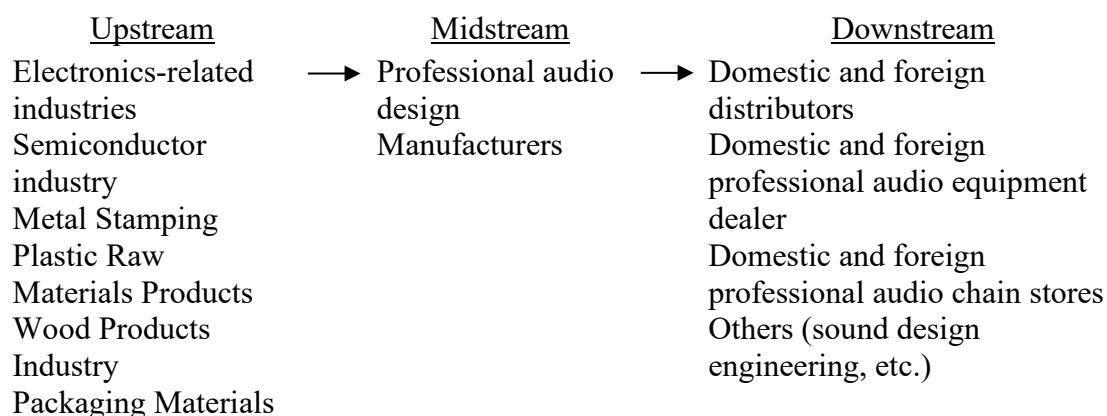
The consumer electronic audio products initially produced radios. After the production of vacuum tube radios, record players and portable radios, due to the gradual expansion of the product market and the increasing innovation of technology, the audio product market was booming in the 1960s and 1970s. Its mainstream products such as Portable stereo, CD stereo and video recorder are all very popular. Afterwards, due to the rise of land prices and wages in Taiwan, the production cost gradually increased, and the industry became more mature and no longer competitive. Therefore, the number of manufacturers began to decrease, or the production bases were transferred to mainland China or Southeast Asia, while the remaining manufacturers shifted towards the development of high value-added professional audio products. Since the 1980s, due to the rapid global economic growth, the living standards of the people have improved, industrial technology has become increasingly advanced, the level of entertainment consumption has become increasingly diversified, and entertainment venues such as PUB, large and small concerts and nightclubs have flourished, coupled with the rapid development of the PC industry, which leads to the vigorous development of production and audio control and processing software and has greatly lowered the entrance barrier to music and become an affordable entertainment for everyone. Therefore, audio and video product technology has shifted from analog to digital and professional. It has become a world trend and is widely known as the multimedia industry. The living standards in developed countries such as Europe, the United States and Japan are relatively high and the national consumption income is higher than other regions. Therefore, many digital music-related software and hardware have been classified as 3C products in order to drive the birthplace of the consumer entertainment trend. It has also appeared in major hypermarkets and has become an important sales product,

which has also become the main source of profit for Taiwan's digital audio product OEM manufacturers. In recent years, the purchasing power of the people has increased significantly with the growth of wages, but the same and similar products have become cheaper with the improvement of production technology. This proves that music performance and production are no longer the exclusive possession of a few wealthy classes but it has become a national sport.

According to the music industry (MI) information collected by the CIA Word Factbook, the top five major markets in the world over the past decade are the U.S., Japan, Germany, China, and the U.K., which account for more than 70% of the global market share. The most important thing for automated audio/video engineering equipment is the technical ability and quality stability. At present, the first-class manufacturers are concentrated in the United States and Japan. The Company has gradually accumulated the technical strength equivalent to the first-class manufacturers. Since 2015, with the gradual rise of webcasting, the combination of audio and video has become a market trend. The Company is committed to the development of related audio and video products to respond to market needs and provide the best solutions.

2. Correlation between up-stream, mid-stream and down-stream of the industry

Audio and video products have a wide range of upstream raw materials, including electronics-related industries, semiconductors, metal stamping, plastic materials, wood products and packaging materials, while downstream products are domestic and foreign distributors, professional audio equipment manufacturers, professional audio chain stores. The correlation among the upstream, midstream and downstream of the Company's industries is shown in the figure below:



3. Product development trends

Product development trends will be divided into the following three types:

- (1) Combination and application of new technologies: In response to the growing popularity of personal computer music and audio-video entertainment environment, product digitization and new audio interface will be the mainstream trend in the future.
- (2) Modern appearance: Just like other popular communication and computer products, ID design will play a critical role in product sales.
- (3) Portability: Since professional audio products are no longer only used on stage or recording studio, the use of portability will drive another wave of growth.

4. Competition situation

In the lower-priced market, manufacturers from emerging countries such as Mainland China compete with each other. However, as the functions, quality and brand awareness of such vendors are far lower than those of the first-tier vendors, there is no competition between the first-tier and second-tier vendors.

➤ Environmental Purification Business:

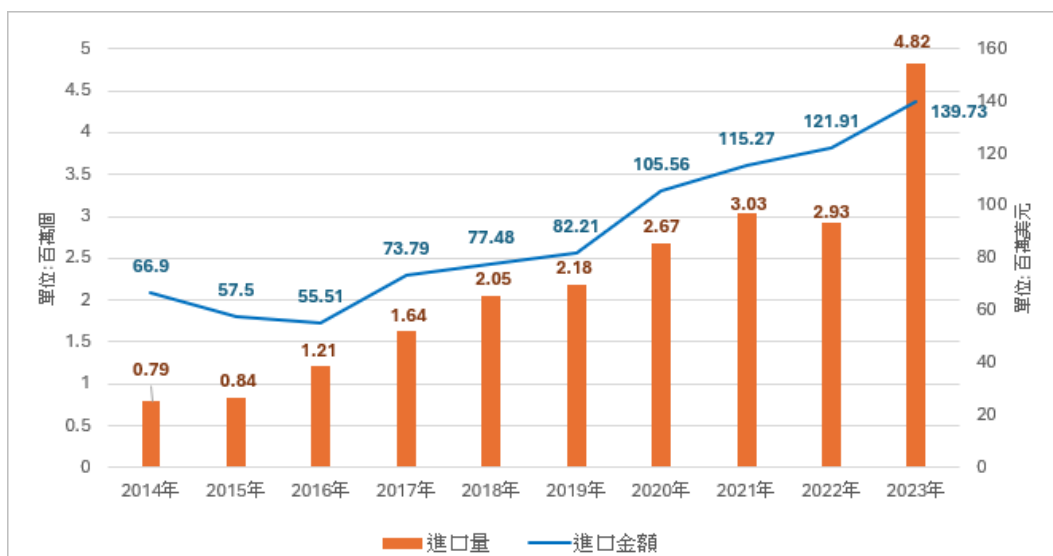
1. Current status and development of the industry

The rapid development of the industry has made environmental pollution a common problem in the world. According to the data of World Health Organization, approximately 500,000 people die annually due to drinking contaminated water, and more than 1 million people die due to the lack of good sanitation conditions.

In conclusion, the pollutants in the water will affect human health through drinking water. Therefore, it is necessary to provide clean drinking water with the water purifier. According to the statistics of Fortune Business Insight (2024), the global net water market (including household, commercial, and industrial water purification equipment) reached US\$43 billion in 2023, and it is expected to continue to grow at a compound annual growth rate of 7.5% by 2032. In addition, according to the statistics of Global Market Insight, from the product type perspective (portable and embedded), embedded water purifier account for a large market share (68%). From the application field, it is classified into home, commercial and industrial uses. Home-use net water purifier account for nearly 70% of the market. According to the above information, household embedded water purifier have become the leading position in the global market, reflecting the growing public concern for drinking water health, and thus promoting the continued growth in the demand for household net water purification equipment.

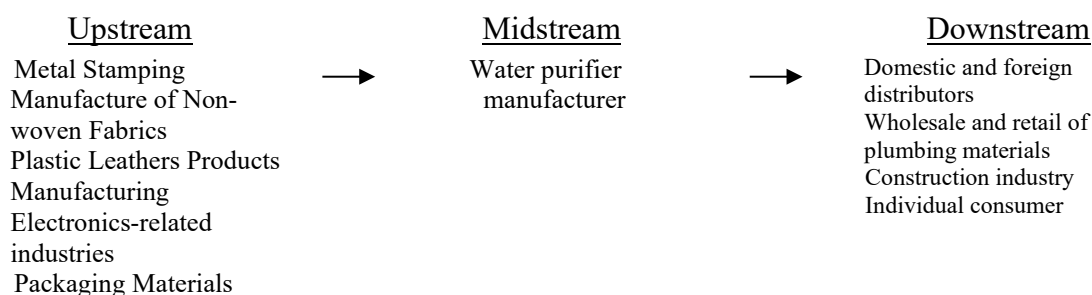
The well-known brands in Taiwan include EverPoll, 3M, Brita, Panasonic, Chanson, and ACUO. According to the statistics of the National Water Purifier Equipment Statistics of the International Trade Commission, the number of imported net water purifiers in Taiwan has doubled from 790,000 in 2014 to 4.8 million in 2023, and the average annual growth rate of 64.5% from 2022 to 2023, and the overall stable growth with an average annual growth rate of 9%, indicating that the market demand for net water purifiers continues to increase. In fact, according to the survey report of the Directorate General of Budget, Accounting and Statistics of the Executive Yuan, the penetration rate of domestic household water purifier has increased from 32.95% to 42.12% from 2013 to 2022. This shows that 60% of Taiwanese households do not have installed home-use water purifier. However, as Taiwanese people's awareness of clean drinking water rises, there is still room for growth in the market of home-use net water purifier. This is also the reason why many domestic net water brands have been launching many water purifier in recent years, and launched many water purifier to enter the net water market.

Total amount and quantity of imported water purifier in Taiwan in the past decade



2. Correlation between up-stream, mid-stream and down-stream of the industry

The upstream raw materials used in water purifier products are diverse and include metal stamping, non-woven fabric manufacturing (e.g., PP filters), plastic product manufacturing, electronics-related industries, and packaging material industries. The downstream of the industry includes domestic and international distributors, wholesalers and retailers of water purification components, and the construction industry. The relationship among the upstream, midstream, and downstream segments of the Company's industry is illustrated in the diagram below.



3. Product development trends

The development trend of Taiwan's net water products is as follows:

(1) AI Intelligence:

With the booming development of 3C technology and artificial intelligence, the demand for smart net water purification devices is also growing. In addition to using voice control to remote control the net water purification equipment, it can also install the WIFI function in the device, and AI can manage the home's net water purification devices and other smart equipment in all aspects.

(2) Light, thin and petite

Due to the increasing housing prices in Taiwan, the indoor area allocated to the kitchen is getting smaller and smaller. Short, small and light net water equipment is still the future trend.

(3) Energy conservation and power saving

Due to the high energy consumption of cooling or heating water dispensers, the government has issued the "Energy-saving Label and Energy Consumption Standards" on September 1, 2019. That is, water dispensers need to obtain the

energy-saving label before they can be sold in Taiwan. Therefore, the Company has developed a more energy-saving and more energy-saving cleaning water equipment, which is also an important issue in the future comprehensive energy-saving and carbon reduction.

(4) The R&D of the materials for the filter continues:

The core technology of the net water equipment is in the field of filtering, and the Company has developed more efficient, lower-cost, and more widely used filtering materials to achieve the global mission of SDG6 of the United Nations Sustainable Development Goals. It is the goal that governments, academic research institutions, and private enterprises continue to work for.

4. Competition situation

In recent years, Taiwan's drinking water development has continued to introduce new technologies such as smart monitoring and Internet of Awareness, which have significantly improved the quality control and management level, so that the quality is safer and more reliable, and become one of the world's drinking water providers. Currently, there are about 300 manufacturers of the complete industry chain of Taiwan's net water purifier, about 25% of whom manufacture the upstream raw materials, about 25% of whom are the midstream assembly OEMs, and the rest of whom are the downstream distributors. The total export of Taiwan's net water purifiers in 2006 was US\$180 million, and as of 2019, it has grown to US\$417 million or more (+132%), indicating that Taiwan's home-use net water equipment has international competitiveness and development potential. After pursuing basic protection, quality improvement, and management upgrade, Taiwan's drinking water has gradually become intelligent development, providing the public with better quality, more reliable and more convenient drinking water. In the future, the core of net water equipment will be the key technology manufacturer of the production of filter materials, which will lead the trend in the market, stay ahead of the curve, and stand out.

(III) Technology and R&D overview

1. R&D expenses in the most recent year and up to the date of publication of this annual report

Unit: NTD thousands

Year	2023	2024
R&D expenses	1,662	1,659

2. Successfully developed technologies or products

Products	Narration
AM GE series iMX9090 series	High-quality sound mixer series, upgrade the professional recording sound quality interface and fully optimize the I/O pre-stage and appearance of the product. Fully optimized the effect device/VU meter and other operation interfaces to the high-end LED design, and fully upgraded the amplifier power.

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

1. Short-term plans:
 - (1) Marketing strategy:
Promote the Company's products, increase market share, and enhance brand image through a global network of agents.
 - (2) Production strategy:
Commit to process improvement and quality control to improve management efficiency and customer satisfaction.
 - (3) R&D strategy:
Continue to develop products that are close to the needs of the general consumer and with high cost-performance ratio. Differentiation and customization are used to stabilize the niche.
2. Long-term plan:
 - (1) Marketing strategy:
Participate in important exhibitions in major foreign markets to increase brand status and sales, find potential customers, establish sales channels, and differentiate products to avoid price competition.
 - (2) Production strategy:
Integrate internal and external resources and give full play to organizational capabilities to increase production capacity, and strengthen the flexibility and efficiency of business development and production processes.
 - (3) R&D strategy:
Actively train R&D talents and accumulate core technologies to achieve the leading position in the industry.

II. Market, Production and Sales

(I) Market analysis

1. Sales regions of the Company's main products (2024)

Unit: NTD thousands		
Region	Amount	Percentage (%)
Taiwan	12,873	29.49
Iran	11,817	27.07
USA	9,734	22.30
Hong Kong, China	8,304	19.03
Others	921	2.11
Total	43,649	100.00

2. Market share, future supply and demand, and growth

Demand:

With the emergence of AI, the editing of audio and video recording and music can be processed by AI. The demand for new audio and video recording technology and related products continues to increase due to the continued creation of video streaming.

On the other hand, as the public's health awareness grows rapidly, the public has become more and more concerned about the health of water and drinking water, which has led to the booming development of the demand for home-use net water equipment.

Supply side:

In addition to continuously improving the acoustic technology to provide quality and stable products, the Company has also built a reliable global channel to market all over the world.

On the other hand, the Company has also strengthened its cooperation with the vendors of the EverPoll brand to continue to launch products that are close to customer needs, and effectively served the end-customers through a high-quality distributor system.

Potential for growth:

The Company has established a comprehensive and high-quality sales channel with leading technology capabilities. In the future, the Company will continue to increase professional personnel and strive to achieve the established direction. The market share and stable profitability growth are the only things that can be expected.

3. Competitive advantage

The Company has many years of experience in the field of professional sound products, and has built a strong reputation among the public. In addition, through the deep cooperation with the vendors of the EV POLL brand, the Company continues to provide consumers with a series of products with good quality and high cost-performance ratio, so that the companies in the region have a considerable advantage in the environmental net market.

4. Favorable and unfavorable factors of development prospects and countermeasures

(1) Favorable factors

- a. The growing awareness of ESG around the world has led to an increase in demand for clean water, which in turn has driven the growth of the environmental purification business.
- b. Work with the R&D team of the vendors to develop new products that are close to the market and with the best cost performance and meet the needs of the customers.
- c. The vendors continue to improve the brand value and quality, which can effectively attract more customers and increase the market share of the Company.

(2) Unfavorable factors and countermeasures

Other competitors of the Company entered the market with low price.

Responsive measures:

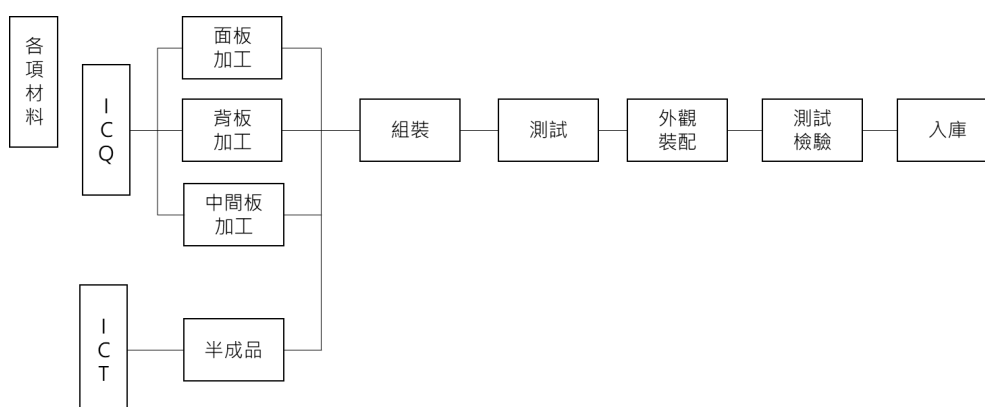
- a. Develop forward-looking products with market and application, improve customer satisfaction and consolidate market share.
- b. Enter the mid-to-high-priced market through quality improvement and branding.

(II) Important uses and production processes of main products

1. Important uses of main products

Main products	Main product purpose
Professional sound series products	1. Mixes multiple input sound sources and adds sound effects after mixing. 2. Amplify the signal voltage and current of the pre-standby machine so that it has sufficient output power to drive the speaker. 3. Equalize the signal quality, process the spatial and environmental signals, and process the signal compression and expansion.
Environmental Purification Series	The water source is cleaned at the source to improve the water quality and remove the chlorine, heavy metal, and lead.

2. Production process



(III) Supply of main raw materials

Raw material name	Supplier name	Supply regions	Status of supply
IC crystal	Ivytech Corp., Avnet Singapore, etc.	Domestic	Sufficient supply
Variable resistance	Fu-Hua and more.	Domestic	Sufficient supply
Enclosure	SHANCHUAN TRAEI SERVICE Co.ltd., etc.	Domestic	Sufficient supply
Filter	Hong Wei, etc.	Domestic	Sufficient supply

(IV) Names of customers accounting for more than 10% of total purchases (sales) in any of the recent two years, the amount of purchases (sales) and proportion and explain the reasons for changes.

1. Information on major customers in the most recent two years

Unit: NTD thousands

Item	2023				2024			
	Name	Amount	Proportion to net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of the whole year (%)	Relationship with the issuer
1	IPA102	82,075	48.02	None	IPA34	11,817	27.07	None
2	IPA128	22,481	13.15	None	IPA102	7,471	17.12	None
3	1PU15	10,708	6.26	None	1PU15	6,289	14.41	None
	Others	55,661	32.58	—	Others	18,072	41.40	—
	Net sales	170,925	100.00	—	Net sales	43,649	100.00	—

Analysis of increase/decrease:

In 2023, after the post-pandemic era came to an end, various large-scale entertainment and club activities recovered, and the sales orders grew significantly. The customers accelerated the demand for goods, resulting in a higher sales revenue and accounts receivable. In 2024, as various businesses resumed to normal track, the customers no longer accelerated the demand for goods, so the sales revenue and accounts receivable decreased

compared to the previous year.

2. Information on major suppliers in the last two years

Unit: NTD thousands

Item	2023				2024			
	Name	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer
1	P000001	7,472	8.76	None	C0001 EVERPOLL Filtration	6,011	37.15	Note 1
2	P090083	6,397	7.50	None	P000001	3,901	24.11	None
3	C0001 EVERPOLL Filtration	4,890	5.73	Note 1	C0065	3,465	21.41	None
	Others	66,521	78.01	—	Others	2,804	17.33	—
	Net purchase	85,280	100.00	—	Net purchase	16,181	100.00	—

Note 1: The relationship with the issuer is that of the invested company under the equity method

Analysis of increase/decrease:

After the lockdowns were lifted in 2023, the entertainment and club activities recovered, and the sales orders increased significantly. The customers accelerated the demand for goods, resulting in a higher purchase amount. In 2024, as the various businesses recovered to their normal track, the customers no longer accelerated the demand for goods, so the purchase amount decreased compared to the previous year.

III. Employees

Information on employees in the most recent two years and up to the publication date of the annual report

March 31, 2024

Year		2023	2024	As of March 31, 2025
Number of employees	Managerial officer	2	2	2
	R&D personnel	3	1	1
	Regular employees	12	17	16
	Total	17	20	19
Average age		50	51	52
Average years of service		9.67	8.91	9.73
Educational distribution ratio	Doctoral Degree	9%	-	-
	Master's Degree	18%	15%	16%
	University	64%	80%	79%
	Senior High School	9%	5%	5%
	Below high school	-	-	-

IV. Information on environmental protection expenditure

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions) and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

V. Labor/management relations

(I) Employee welfare:

The Company established an Employee Welfare Committee in 1985 (approved by Taipei City Official Letter Bei-Shi-Zhi-Fu-Zi No. 662 on November 8, 1985) to plan and provide quality benefits for employees. These include travel subsidies, birthday gatherings, wedding allowances, childbirth allowances, funeral allowances, and complimentary health check-up programs.

In terms of the leave system, in addition to regular two-day weekends, employees are granted special leave that exceeds the standards set by the Labor Standards Act. Employees experiencing needs such as childcare, serious illness, or major personal events may apply for unpaid leave. After the leave period ends, they may apply for reinstatement, balancing personal and family care needs.

(II) Continuing education and training:

In addition to providing employee education and training for new recruits, the Company also sends external or internal training from time to time according to individual business needs.

Item	Total Attendance	Total Hours	Total expenses (NT\$)
Training for new recruits	0	0	0
Managerial competency training	7	36	28,171
Professional training	3	26	10,100
Total	10	62	38,271

(III) Retirement system and its implementation:

The Company has established the Regulations Governing the Retirement of Employees in accordance with the "Labor Pension Act" which is a defined contribution plan. According to the Labor Pension Act, the monthly pension contribution rate of the Company shall not be less than 6% of the employee's monthly salary. The Company has complied with the Labor Pension Act to contribute 6% of employees' monthly salaries to their individual pension accounts at the Bureau of Labor Insurance. For voluntary contributions, the Company contributes the voluntary contribution rate from employees' monthly salaries to their individual pension accounts at the Bureau of Labor Insurance.

(IV) Status of agreements between labor and management and the protection of employees' rights and interests:

The Company signs confidentiality contracts with employees upon arrival and informs employees of the principles, including the rights and obligations of both employers and employees.

According to Article 11 of the Labor Union Act, the Company is not subject to the regulations of establishing labor union. Therefore, the labor union has never proposed the negotiation of group agreement to the Company, and has not signed any group agreement.

- (V) 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 (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations and the content of the dispositions) and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: none.

VI. Cyber security management

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.
1. Information security risk management framework:
The Company strengthens information security management to ensure the confidentiality, integrity and availability of its information assets to provide an information environment for the continuous operation of the Company's business, and information security inspections are conducted from time to time.
 2. Cyber security policy:
 - (1) The President's Office is responsible for the coordination and promotion of information security management related matters.
 - (2) The Company's personnel shall comply with the Company's information and confidentiality regulations.
 - (3) The Company's suppliers, third-party vendors and outsourced service providers shall comply with the Company's information security regulations.
 - (4) In case of an information security incident, the contact person for information security shall be notified.
 - (5) For any act that endangers information security, the Company will pursue civil, criminal and administrative liabilities depending on the severity of the circumstances, or handle it in accordance with the relevant regulations of the Company.
 3. Information security management plan and resources invested in information communication security management:
 - (1) Network and computer system security management.
 - (2) System access control, development and maintenance security management.
 - (3) Security management of information assets.
 - (4) Install network firewall and anti-virus software, set folder access permissions and update passwords regularly.
 - (5) Regular and irregular virus scanning and maintenance of the Company's computer equipment, network equipment and servers.
- In the most recent year and up to the date of publication of the annual report, there was no material adverse event in the Company's information security management.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

As of the date of publication of this annual report for 2024, the Company did not suffer any major information and communication security incident and there was no related loss or impact.

VII. Material Contracts: Not applicable.

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

I. Financial position

Unit: NTD thousands

Item \ Year	2024	2023	Difference	
	Amount	Amount	Increase (decrease) amount	%
Current assets	110,717	195,756	(85,039)	-43%
Investment under equity method	146,549	144,281	2,268	2%
Property, plant and equipment	41,309	43,341	(2,032)	-5%
Right-of-use assets	-	-	-	-
Investment property	-	-	-	-
Intangible assets	-	-	-	-
Other assets	1	412	(411)	-100%
Total assets	298,576	383,790	(85,214)	-22%
Current liabilities	21,119	83,936	(62,817)	-75%
Non-current liabilities	28,315	31,482	(3,167)	-10%
Total liabilities	49,434	115,418	(65,984)	-57%
Share capital	200,000	200,000	-	-
Capital reserve	18,210	18,210	-	-
Legal reserve	5,430	3,082	2,348	76%
Special reserves	16,942	16,942	-	-
Retained earnings (losses to be covered)	21,758	44,284	(22,526)	-51%
Other adjusted items of shareholders' equity	(13,198)	(14,146)	948	-7%
Total shareholders' equity	249,142	268,372	(19,230)	-7%

Analysis of changes in the percentage of increase or decrease:

1. Current assets decreased by 43% from the previous year, mainly due to the payment of investment to reinvestment companies by the Company in 2024.
2. Other assets: Mainly due to the recovery of guarantee deposits.
3. Changes in current liabilities and total liabilities: Mainly due to the payment of investment payables.
4. Legal reserve: Due to the legal reserve appropriated from 2023 earnings.
5. Retained earnings: Due to the 2024 after-tax loss.

II. Financial performance

Unit: NTD thousands

Item \ Year	2024	2023	Difference	
	Amount	Amount	Increase (decrease) amount	%
Total operating revenue	43,895	171,023	(127,128)	-74%
Less: sales returns	-	-	-	-
Sales discount	246	98	148	151%
Net operating revenue	43,649	170,925	(127,276)	-74%
Operating cost	23,474	109,698	(86,224)	-79%
Gross operating profit	20,175	61,227	(41,052)	-67%
Operating expenses	44,178	35,124	9,054	26%
Operating profit (loss)	(24,003)	26,103	(50,106)	-192%
Non-operating income and expenses	6,083	2,771	3,312	120%
Pre-tax profit (loss) from continuing operations	(17,920)	28,874	(46,794)	-162%
Income tax benefits (expenses)	(2,258)	(5,395)	3,137	-58%
Net profit (loss) from continuing operations	(20,178)	23,479	(43,657)	-186%
Other comprehensive income (net amount after tax)	948	(328)	1,276	-389%
Total comprehensive income	(19,230)	23,151	(42,381)	-183%

Analysis of changes in the percentage of increase or decrease:

1. Operating revenue

(1) Professional Audio Business

The revenue in 2023 is expected to be higher than the previous year due to the large number of orders from foreign customers after the pandemic and the revenue from ODM customers' old models that have stopped production at the end of 2023 and the delivery of large orders after the pandemic in Q1 of 2024.

(2) Environmental Purification Business

From 2024, the Company has been able to grow and begin to support the Company's revenue. However, at the initial stage, the Company adopted the total agency model to conduct sales, and according to IFRS 15, the conditions of the principal are not complete. After prudent discussions with the CPAs, the Company adopted a more conservative net amount approach (i.e. sales revenue - sales cost) to recognize revenue.

(3) The sales revenue in 2024 was significantly lower than the same period of last year due to the two factors above.

2. Operating cost, operating profit and operating loss:

After the lockdowns were lifted in 2023, the various large-scale entertainment and club activities recovered, and the sales orders increased significantly. The customers accelerated the demand for goods, resulting in higher revenue, gross profit and operating net profit.

In 2024, as all businesses resumed to normal operation, customers no longer had the motivation to accelerate the withdrawal of goods, resulting in a decrease in revenue and gross profit and a corresponding decrease in operating losses.

3. Net income before and after tax:

After the lockdowns were lifted in 2023, the various large entertainment and club activities recovered, and the sales orders increased significantly. The customers accelerated the demand for goods, resulting in higher revenue and net income.

In 2024, as all businesses resumed to normal, customers no longer had the motivation to accelerate the withdrawal of goods, resulting in a relatively reduced revenue and net loss.

III. Cash flow

(I) Analysis of cash flow changes in the most recent year

Unit: NTD thousands

Cash balance as of January 1, 2024	Net cash flow from operating activities for the whole year	Net cash flow from non-operating activities for the whole year	Cash balance as of December 31, 2024
164,188	(34,933)	(33,669)	95,586

1. Operating Activities: The decrease in cash inflow from operating activities was mainly due to a decline in revenue caused by reduced order demand from overseas customers after the pandemic eased.
2. Investing Activities: The cash outflow was primarily for the acquisition of equity in EverpoLL Filtration.
3. Financing Activities: The cash outflow mainly resulted from the repayment of long-term borrowings.

(II) Improvement plan for insufficient liquidity: None

(III) Liquidity analysis for the coming year

Unit: NTD thousands

Cash balance, beginning of period	Expected net cash flow from operating activities for the year	Projected cash outflow for the year	Projected cash surplus (deficit) amount	Remedies for estimated cash shortage	
				Investment plan	Financing plan
95,586	104,000	120,000	79,586	-	-

IV. Impacts of major capital expenditures in the most recent year on financial operations

Not applicable

V. Re-investment policy in the most recent year, the main reason for profit or loss, improvement plan and investment plan for the coming year

- (I) The Company indirectly invests in Shenzhen Yiba Electronics Co., Ltd. through Phonic Group, Ltd., mainly for the production of the Company's self-owned brand and OEM products. Except for the PHONIC brand sold in mainland China, the products produced by Shenzhen Yiba Electronics Co., Ltd. are sold directly or indirectly to the Company. Shenzhen Yiba Electronics Co., Ltd. has a wide range of production and sales, and thus determines the orders of the Company. After the pandemic was under control in 2024, the demand for delivery accelerated, and all businesses resumed to normal. There is no more reason for the customers to accelerate the delivery, resulting in a relatively decreased revenue and net loss.

(II) Improvement plan

The Company has reviewed the production process, and reduced the scale of operations by outsourcing or deleting non-core business. In addition, the Company has actively expanded the distribution network and market share of the all-house filter net series products of the environmental net purification business, in order to quickly make a profit and then turn a loss into a profit.

(III) Investment plan for the coming year

The Company has continued to focus on business transformation in the near future and is expected to achieve breakeven between profit and loss this year. No new investment plan is currently available.

VI. Analysis and assessment of risk matters in the most recent year and up to the publication date of this annual report.

- (I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate and response measures to be taken in the future:
1. Interest rate:
 - (1) Impact on the Company's profit or loss
The interest rate continued to rise in the current period, resulting in an increase in the interest income of the Company's bank deposits and interest expenses of long-term borrowings, but the difference between the amounts was not significant.
 - (2) Future countermeasures
At this stage, we will continue to observe the overall economic status, assess the timing of interest rate reversal and reduce capital costs.
 2. Changes in foreign exchange rates:
 - (1) Impact on the Company's profit or loss:
The Company's products are mainly exported and the exchange rate quotations of the products are based on USD. Most of the main raw materials are purchased from domestic suppliers. Therefore, changes in exchange rates have an impact on the Company's revenue and profit.
 - (2) Concrete measures in response to exchange rate changes
 - A. The Sales Department takes into account the price adjustment caused by exchange rate fluctuations when quoting to protect the Company's profits.
 - B. Collect information on exchange rate changes from time to time to keep abreast of exchange rate trends, open foreign currency accounts to adjust foreign exchange positions and control exchange rate risks.
 - C. Continue to accelerate the recovery days of accounts receivable to reduce the position exposed to exchange risk.
 3. The impact of inflation on the Company's profit and loss:
 - (1) Impact on the Company's profit or loss:
The overall producer price index is relatively low year-over-year and the consumer price index is also low, indicating significantly low inflation

pressure. Therefore, inflation has no significant impact on the company.

(2) Future countermeasures: None.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. As of the date of publication of the annual report, the Company did not engage in high-risk investment, high-leverage investment, loaning of funds to others, endorsements/guarantees or derivatives trading.
2. The Company has established "Procedures for the Acquisition or Disposal of Assets," "Guidelines for Lending Funds to Others" and "Guidelines for Endorsements and Guarantees," which have been approved by the shareholders' meeting for record. If necessary, the Company will adopt the established procedures in the future to execute relevant procedures.

(III) Research and development work to be carried out in the future and further expenditures expected for research and development work:

In the future, the Company will invest approximately 10% of its revenue in research and development, materials and testing, in line with the business plans of each business unit.

(IV) The impact of significant domestic and foreign policy and legal changes on the Company's finance and business matters and the countermeasures:

In recent years, due to the major events such as the US-China trade war and the tariff levied by the US on Taiwan, or the situation that may result in the delay of orders or delivery of foreign customers, the Company will continue to observe the exchange rate and tariff trends of various countries in accordance with the government's policies and regulations, and will also cooperate with customers to plan feasible solutions to respond to the relevant situations prudently.

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

With the emergence of AI in the world and the gradual penetration of ESG concepts into the hearts of the people, the Company continues to refine its acoustic technology to provide quality and stable products, and markets them worldwide through reliable global channels. On the other hand, the Company has also strengthened its cooperation with partners of the EVERPOLL brand to continue to launch all household filtering and net environmental products that meet the needs of customers for clean water, and effectively served the end customer base through a high-quality distributor system.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response: Not applicable.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: Not applicable.

(VIII) Expected benefits and possible risks associated with any plant expansion,

and countermeasures: Not applicable.

- (IX) Risks associated with any consolidation of sales or purchases, and mitigation measures being or to be taken: Not applicable.
- (X) Effect upon and risk to the company in the event a major 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, and mitigation measures being or to be taken: Not applicable.
- (XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: Not applicable.
- (XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, 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: Not applicable.
- (XIII) Other important risks and mitigation measures being or to be taken:
- (XIV) Information security risk: In order to implement information security management, the Company has formulated detailed operating rules related to information security management and implemented the information work plan accordingly. The plan strictly manages employee application system access and file data permissions and security maintenance, firewalls, email anti-virus and anti-hack, and backup plans have been established to control and audit employees' use of permissions and records to reduce information security risk.

VII. Other important matters: None.

Six. Special Disclosures

I. Information on affiliates

(I) Organization Chart of Affiliated Enterprises



(II) Information on affiliates

Company name	Date of incorporation	Address	Paid-in Capital	Main business or production
Phonic Group, Ltd. (BVI)	2000.11.03	Clarence Thomas Building, P.O. Box 4649, Road Town, Tortola, British Virgin Islands	US Dollars \$270,912	General investment business
Shenzhen Yiba Electronics Co., Ltd.	2011.11.2	Building 1, No. 21-1, Second Industrial Zone, Tuyang Community, Sankui Chung Street, Dapeng New District, Shenzhen City, Guangdong Province, China	HKD 5,000,000	Manufacturing and sales of professional audio products

(III) Shareholders presumed to have control and affiliation with the same information

Not applicable.

(IV) Industries covered by the overall business of affiliated companies

The industries covered by the business of the overall affiliates include:

- (1) Main business: Design, production and sales of professional audio products.
- (2) General investment business.

For the details of the main business or production items of each affiliated enterprise, please refer to the list of basic information of each affiliated enterprise on Exhibit 2.

(V) Information on directors, supervisors and presidents of affiliated companies

Company name	Job Title	Name or Representative	Number of shares held	
			Number of shares/ Capital contribution amount	Shareholding ratio
Phonic Group, Ltd. (BVI)	Director	PNC INTERNATIONAL INC. Representative: Kao Wei-Hung	270,912 shares	100%
Shenzhen Yiba Electronics Co., Ltd.	Responsible person	Phonic Group, Ltd. (BVI) Representative: Wang Min-Lieh	HKD \$5,000,000	100%

(VI) Overview of the operations of each affiliate

Unit: NTD thousands

Company name	Phonic Group, Ltd. (BVI)	Shenzhen Yiba Electronics Co., Ltd.
Capitalization	16,373	19,419
Total assets	30,720	30,678
Total liabilities	-	(67,352)
Net worth	30,720	(36,674)
Operating revenue	-	23,731
Operating profit (loss)	(17,498)	17,556
Current profit (loss) (after tax)	(5,230)	12,296
EPS (NTD) (after tax)	(19.30)	(Note 1)

Note 1: Shenzhen Yiba Electronics Co., Ltd. is not a limited liability company; therefore, it is not applicable.

II. Private placement of securities in the most recent year up till the publication date of this annual report:

In order to enrich the working capital and reinvestment and in response to other long-term operation and development capital needs, upon evaluation on the capital market status, fundraising speed and timeliness, the Company's proposal for private placement of no more than 10,000,000 ordinary shares was passed by the shareholders' meeting on June 21, 2024. After considering the overall business strategy, the Board of Directors of the Company has resolved on March 12, 2025 not to continue the private placement within the remaining period.

III. Other necessary supplementary Clarification: None.

PNC INTERNATIONAL INC.



Responsible person: Yao Tien-Chi

